

# C A L I F O R N I A

PERSONAL INCOME TAX BOOKLET

# 1998

F O R M S & I N S T R U C T I O N S

## NONRESIDENT OR PART-YEAR RESIDENT



**Fast Refund and Direct Deposit?  
File Electronically!**

See page 2 for more information.

Members of the Franchise Tax Board

Kathleen Connell, Chair

Dean Andal, Member

Craig L. Brown, Member

This booklet contains:

**Form 540NR**, California Nonresident or Part-Year Resident  
Income Tax Return

**Schedule CA (540NR)**, California Adjustments –  
Nonresidents or Part-Year Residents

**Schedule D**, California Capital Gain or Loss Adjustment

**FTB 3885A**, Depreciation and Amortization Adjustments

**FTB 3519**, Payment Voucher for Automatic Extension  
for Individuals

**Be Sure To Write Your  
Social Security Number  
On Your Tax Form**



**State of California  
Franchise Tax Board**

## How are Nonresidents and Part-Year Residents Taxed?

If you were a nonresident of California and received income in 1998 that had its source in California or if you moved into or out of California in 1998, you must file Form 540NR, California Nonresident or Part-Year Resident Income Tax Return. California taxes all income you received while you were a resident of California and the income you received from California sources while a nonresident. Use Schedule CA (540NR), California Adjustments — Nonresidents or Part-Year Residents, column A through column D to compute your total income as if you were a resident of California for the entire year. Then divide your California adjusted gross income (Schedule CA (540NR), column E) by your adjusted gross income from all sources (Schedule CA (540NR), column D) to determine the percentage of tax due from the California tax table or tax rate schedules. You may also qualify for some California tax credits. The credits may reduce California tax you owe. If you were a resident of California for all of 1998, you should get a California Resident Personal Income Tax Booklet and file Form 540, California Resident Income Tax Return, Form 540A, California Resident Income Tax Return, or Form 540EZ, California Resident Income Tax Return For Single and Joint Filers With No Dependents.

**Pension Income of Retirees Who Move to Another State.** Retirement income received by nonresidents on or after January 1, 1996, is not taxable by California. If California state income tax was withheld from your payments, file Form 540NR for a refund.

## What's New for 1998?

### Differences Between California and Federal Law

In general, California tax law conforms to the Internal Revenue Code (IRC) as of January 1, 1998. However, there are continuing differences between California and federal tax law. California has not conformed to the changes made to the IRC by the federal Internal Revenue Service (IRS) Restructuring and Reform Act of 1998 (Public Law 105-206) and the Tax and Trade Relief Extension Act of 1998 (Public Law 105-277). Specific areas of nonconformity are discussed in the affected tax forms instructions.

### 1998 California Tax Law Changes

**Social Security Numbers Removed From Label.** To protect your privacy, your social security number(s) are no longer printed on the peel-off label. Be sure to enter your social security number(s) on your return in "Step 1a" so that we can properly process your return.

**Increased Dependent Exemption Credit.** The 1998 dependent exemption credit has increased to \$253 for each dependent.

**New Nonrefundable Renter's Credit.** California residents and part-year residents who for more than half of 1998 lived in and paid rent for property located in California may qualify for this credit to offset tax. You must owe tax in order to claim this credit. See page 20 for more information.

**New Voluntary Contribution Funds.** You may now make voluntary contributions to the California Mexican American Veterans' Memorial and the Emergency Food Assistance Program Fund.

**Increased Basic Standard Deduction for Dependents.** The 1998 basic standard deduction is the greater of \$700 or the dependent's earned income plus \$250.

**New Credits.** See the chart beginning on page 15 for information about the new Manufacturing Enhancement Areas credit and Targeted Tax Areas credit.



### Pay Your Taxes The Easy Way! Use e-Pay!

You don't have to write and mail a check! If you file your return electronically, you can choose to pay your income tax electronically. You can authorize the Franchise Tax Board (FTB) to debit your account for the amount of tax you owe by completing the e-file declaration at the same time you electronically file your return. Ask your tax preparer or check your on-line filing tax software to see if this option is offered. For more information, visit our website at <http://www.ftb.ca.gov> and select "Electronic Services" from the main menu, or call (800) 338-0505, select general tax information, then enter code 112 when instructed.

### New Form to Report a Change of Address

You may now use form FTB 3533, Change of Address, to notify the Franchise Tax Board (FTB) of your new address. See "Order Forms" on the back cover. Or, you may still call (800) 852-5711 to report your change of address.

## General Information

**California Tax Forms on the Internet.** If you have Internet access, you may download, view and print California income tax forms and publications for tax years 1994 through 1998. Our Internet address is: <http://www.ftb.ca.gov>



### Direct Deposit If You File Electronically.

Receiving a refund? If you file your return electronically, you can have your refund sent directly to your bank account within 5 to 7 banking days. Many tax preparers and electronic filing services will transmit your return. They may charge you a fee for their service. For more information, visit our website at <http://www.ftb.ca.gov> and select "Electronic Services" from the main menu, or call (800) 338-0505, select general tax information, then enter code 112 when instructed.

**Group Nonresident Return.** Nonresident partners, nonresident members and nonresident shareholders of a partnership, limited liability company (LLC) or S corporation that does business in California or has income from California sources may elect to file a group nonresident return on Form 540NR. For more information get FTB Pub. 1067, Guidelines for Filing a Group Form 540NR. This publication includes form FTB 1067A, Nonresident Group Return Schedule, which must be attached to the front of the group Form 540NR.

**Temporary and Transitory Absences from California.** If you were domiciled in California and worked outside of California for an uninterrupted period of at least 546 consecutive days under an employment contract, you are considered a nonresident. This also applies to the spouse who accompanies the employed individual during those 546 consecutive days. However, you will not qualify under this provision if you are in California for a total of more than 45 days during any taxable year covered by the contract; or if you have income from stocks, bonds, notes or other intangible property in excess of \$200,000 for any taxable year covered by the contract. For more information, get FTB Pub. 1031, Guidelines for Determining Resident Status.

### California Alternative Minimum Tax (AMT) and Credit Limitations.

You may owe AMT or have to limit your credits. See the instructions for Form 540NR, line 23 to see if you need to get Schedule P (540NR), Alternative Minimum Tax and Credit Limitations — Nonresidents and Part-Year Residents.



### F.A.S.T. Automated Toll-free Phone Service: (800) 338-0505

When you see a phone symbol in the instructions, you may get more information about the paragraph or line by the phone symbol by calling (800) 338-0505. Select general tax information, follow the recorded instructions and enter the three-digit number by the phone symbol.

# Do I Have to File?

## Requirements for Most People

Find your status at the end of 1998 in the first column of the chart below. Read across to find your filing status for 1998. You must file a return if you owe \$1 or more of tax, or **either** your gross income or your adjusted gross income was more than the amount shown for your filing status.

On 12/31/98 I was:	Filing status	Gross income <sup>1</sup>	Adjusted gross income <sup>2</sup>
Single (including divorced and legally separated)	Single Head of household <sup>3</sup>	\$10,623	\$8,498
Married with a child and living apart from spouse the last 6 months of 1998	Head of household <sup>3</sup>	\$10,623	\$8,498
Married, living with spouse at end of 1998 (or date in 1998 spouse died) <b>or</b> Married, living apart from spouse at end of 1998 (or date in 1998 spouse died)	Married filing joint  Married filing separate	\$21,246 <sup>4</sup>	\$16,996 <sup>4</sup>
Widowed before 1998 and not remarried in 1998	Single Head of household <sup>3</sup> Qualifying widow(er)	\$10,623	\$8,498
Dependent of another person	Any filing status	More than your standard deduction <sup>5</sup>	

<sup>1</sup> **Gross income computed under California law** is all income you received in the form of money, goods, property and services from all sources that is not exempt from tax, including any gain on the sale of your home (even if you exclude or postpone part or all of the gain). Gross income computed under California law does not include any adjustments or deductions.

<sup>2</sup> **Adjusted gross income computed under California law** is your federal adjusted gross income from all sources reduced or increased by all California income adjustments.

<sup>3</sup> See page 11.

<sup>4</sup> Income of both spouses; both spouses must file a return even if only one spouse had income over the amounts listed.

<sup>5</sup> Use the worksheet on page 12 to figure your standard deduction.

Even if you do not have to file a return, you should file one in order to get a refund if California state income tax was withheld from your pay, or if you made estimated tax payments.

## Requirements for Children With Investment Income

California law is the same as federal law for the income of children under age 14. For each child under age 14 who received more than \$1,400 of investment income in 1998, get form FTB 3800, Tax Computation for Children with Investment Income, or form FTB 3803, Parents' Election to Report Child's Interest and Dividends. See "Order Forms" on the back cover.

## Other Situations When You Must File

If you owe any of the following taxes for 1998, you must file a return:

- Tax on a qualified retirement plan, including an individual retirement arrangement (IRA) or a medical savings account (MSA);
- Alternative minimum tax;
- Tax for children under age 14 who have investment income greater than \$1,400 (see paragraph above);
- Tax on a lump-sum distribution;
- Recapture taxes;
- Deferred tax on certain installment obligations; or
- Tax on an accumulation distribution of a trust.

## Estimated Tax Payments

Generally, you do not have to make estimated tax payments if your California withholding in each payment period is at least 1/4 of your required annual payment. Also, you do not have to make estimated tax payments if you will pay enough through withholding to keep the amount you owe with your return under \$200 (\$100 if married filing separate). However, if you do not pay enough tax either through withholding or by making estimated tax payments, you may have an underpayment penalty. For more information call (800) 338-0505, select general tax information and enter code **208**.

# Instructions for Form FTB 3519

## Automatic Extensions for Individuals

### General Information

If you cannot file your California tax return by April 15, 1999, you will be allowed an automatic six-month extension without filing a written request. To qualify for the automatic extension, you must file your tax return by October 15, 1999. However, an extension of time to file your return is not an extension of time to pay your tax. To avoid late-payment penalties and interest, you must pay 100% of your tax liability by **April 15, 1999**.

Complete the tax payment worksheet below to see if you owe additional tax. If you owe additional tax but cannot file by April 15, 1999, use the payment voucher below to mail in your payment. Your payment must be postmarked by April 15, 1999. **Send in the voucher only if a payment is due.**

Keep your completed worksheet along with the copy of your return with your tax records.

### Penalties and Interest

Remember, an extension of time to file your return is not an extension of time to pay your tax. If you fail to pay your total tax liability by April 15, 1999, a late-payment penalty plus interest will be added to your tax due. If after April 15, 1999, you find that your estimate of tax due was too low, you should pay the additional tax as soon as possible to avoid further accumulation of penalties and interest. Pay your estimated additional tax with another form FTB 3519 voucher. If you do not file your return by October 15, 1999, you will be assessed a late-filing penalty plus interest from the original due date of the return.

### Taxpayers Residing or Traveling Abroad

If you are living or traveling outside the United States on April 15, 1999, the deadline to file your return and pay the tax is June 15, 1999. Interest will accrue from the original due date (April 15, 1999) until the date of payment. If you need additional time to file your tax return, you will be allowed an automatic six-month extension without filing a written request. To qualify for the extension, you must file your tax return by December 15, 1999. To avoid any late-payment penalties, you must pay 100% of your tax liability by June 15, 1999. When filing your return, be sure to attach a statement to the front indicating that you were "abroad on April 15, 1999."

### TAX PAYMENT WORKSHEET FOR YOUR RECORDS

1 Total tax you expect to owe. This is the amount you expect to enter on Form 540EZ, line 23; Form 540A, line 23; Form 540, line 37; or Form 540NR, line 46

2 Payments and credits:

- a California income tax withheld
- b California estimated tax payments and amount applied from your 1997 return
- c Other payments and credits, including any tax payments made with any previous form FTB 3519 voucher

3 Total tax payments and credits. Add line 2a, line 2b, and line 2c

4 Tax due. Is line 1 more than line 3?

- **No. Stop here.** You have no tax due. **DO NOT SEND THE PAYMENT VOUCHER.** Your return, when filed by October 15, 1999, will verify that you qualified for the extension.
- **Yes.** Subtract line 3 from line 1. This is your tax due. Enter the tax due amount from line 4 as the "Amount of payment" on the form FTB 3519 voucher below. Fill in your name, address and social security number and separate the voucher from this page where it says "DETACH HERE." Make a check or money order payable to "Franchise Tax Board." Also write your social security number and "1998 Form 3519" on the check or money order. Mail both the check or money order and the voucher to:

**FRANCHISE TAX BOARD**  
**PO BOX 942867**  
**SACRAMENTO CA 94267-0051**

----- DETACH HERE -----

TAXABLE YEAR

**1998**

## Payment Voucher for Automatic Extension for Individuals

CALIFORNIA FORM

**3519**

Your first name		Initial	Last name		Your social security number	
If joint payment, spouse's first name		Initial	Spouse's last name if different from yours		Spouse's social security number	
Present home address — number and street including PO Box or rural route					Apt. no.	
City, town or post office					State	ZIP Code

IF NO PAYMENT IS DUE, DO NOT FILE THIS FORM

MAIL TO: FRANCHISE TAX BOARD  
PO BOX 942867  
SACRAMENTO CA 94267-0051

(Calendar year —  
Due April 15, 1999)

Amount of payment

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For Privacy Act Notice, see form FTB 1131.

**P  
I  
T**

**PAYMENT  
VOUCHER 5**

# Additional Information

## Amended Returns

If you discover that you made an error on your California income tax return after it was filed, use Form 540X, Amended Individual Income Tax Return, to correct and make any changes to your return.

## California Sales And Use Tax

If you purchased goods from an out-of-state retailer (such as a mail-order firm) and sales tax would have been charged if you had purchased the goods in California, you owe use tax on your purchase if the out-of-state retailer did not collect the tax.

Your tax liability may be calculated by multiplying the sales tax rate in your area times the cost of the goods purchased. You may pay your tax liability by sending payment to the STATE BOARD OF EQUALIZATION, PO BOX 942879, SACRAMENTO CA 94279-0001, with a brief letter listing your name, address, a description and cost of the goods purchased, and the name and address of the out-of-state retailer.

If you file a Schedule C (Form 1040), Profit or Loss From Business, with your federal income tax return and are in the business of selling tangible personal property, you may be required to obtain a seller's permit with the State Board of Equalization.

If you have a question concerning which goods are taxable, or want information about obtaining a seller's permit, please contact the State Board of Equalization's toll free number at (800) 400-7115, to talk to a Customer Service Representative. Representatives are available from 8 a.m. to 5 p.m., Monday - Friday, excluding state holidays.

## Change of Address

If you move during the year, you may notify the Franchise Tax Board (FTB) of your new address by calling (800) 852-5711 or by using form FTB 3533, Change of Address. See "Order Forms" on the back cover.

## Changes to Federal Returns

If your federal income tax return is examined and changed by the Internal Revenue Service (IRS) and you owe additional tax, you must report these changes to the FTB within six months of the date of the final federal determination. If the changes made by IRS result in a refund due for California, you must claim a refund within two years of the date of the final federal determination. You may either use Form 540X to make any changes to your California income tax return already filed, or you may send copies of the federal changes to:

ATTN RAR/VOL, AUDIT SECTION  
FRANCHISE TAX BOARD  
PO BOX 1998  
RANCHO CORDOVA CA 95741-1998.

Regardless of which method you use to notify the FTB, you must include a copy of the final federal determination along with all data and schedules on which the federal adjustment was based. Get FTB Pub. 1008, Federal Tax Adjustments and Your Notification Responsibilities to California, for more information.

**Note:** You do not have to file Form 540X if the changes do not affect your California tax liability.

## Collection Fees

The FTB is required to assess collection and filing enforcement cost recovery fees on delinquent accounts.

## Deceased Taxpayers

A final return must be filed for a person who died in 1998 if a return normally would be required. The administrator or executor, if one is appointed, or beneficiary must file the return. Please print "deceased" and the date of death next to the taxpayer's name at the top of the return.

If you are a surviving spouse and no administrator or executor has been appointed, you may file a joint return if you did not remarry during 1998. Indicate next to your signature that you are the surviving spouse.

You may also file a joint return with an administrator or executor acting on behalf of the deceased taxpayer.

If you file a return and claim a refund due to a deceased taxpayer, you are certifying under penalty of perjury either that you are the legal representative of the deceased taxpayer's estate (in this case, you must attach certified copies of the letters of administration or letters testamentary) or that you are entitled to

the refund as the deceased's surviving relative or sole beneficiary under the provisions of the California Probate Code. You must also attach a copy of federal Form 1310, Statement of Person Claiming Refund Due a Deceased Taxpayer, or a copy of the death certificate when you file a return and claim a refund due.

## Free Tax Help

At more than 1,500 sites throughout California, trained volunteers provide free help to low-income, senior, disabled and non-English speaking persons who need to file simple federal and state income tax returns. Many military bases also provide this service for members of the U.S. armed forces. Call the Franchise Tax Board (FTB) at (800) 852-5711 to find the location nearest you. A list of locations is available on our website from January 2 through April 15. Our Internet address is:

<http://www.ftb.ca.gov>

## Installment Payments

If you cannot pay the full amount that you owe with your return, you may ask to make monthly installment payments. However, you will be charged interest and may be charged an underpayment penalty on the tax not paid by April 15, 1999, even if your request to pay in installments is granted. To limit the interest and penalty charges, pay as much of the tax as possible by April 15, 1999. To ask for an installment agreement, use form FTB 3567, Installment Agreement Request. See "Order Forms" on the back cover.

## Military Personnel

If you are a member of the U.S. armed forces and need additional information on how to file your return, get FTB Pub. 1032, Tax Information for Military Personnel. See "Order Forms" on the back cover.

## Requesting a Copy of Your Tax Return

The FTB keeps personal income tax returns for three and one-half years from the original due date. If you need to get a copy of a return from those years, you must request it by writing a letter or by completing form FTB 3516, Request for Copy of Personal Income Tax or Fiduciary Return. In most cases, there is a \$10 fee for each tax year you request. However, there is no charge if: you are requesting a return and any audit reports attached in connection with an audit or collection activity; you were the victim of a designated California or federal disaster; or you request copies from a district office that assisted you in completing your return. See "Order Forms" on the back cover.

## Rounding to Whole Dollars

Please round cents to the nearest whole dollar on your return and schedules. Drop amounts under 50 cents and increase amounts from 50 to 99 cents to the next whole dollar. For example, \$123.49 becomes \$123 and \$725.50 becomes \$726.

If you have to add two or more amounts include cents when adding and round only the total. Example: You want to add \$5,000.55 and \$18,500.73. You would enter \$23,501 (\$5,000.55 + \$18,500.73 = \$23,501.28).

## Vehicle License Fees for Federal Schedule A

On your federal Schedule A, you may deduct the California motor vehicle license fee listed on your Vehicle Registration Billing Notice from the Department of Motor Vehicles. The other fees listed on your billing notice such as registration fee, weight fee and county fees are not deductible.

## Voting Is Everybody's Business

You may register to vote if you meet the following requirements:

- You are a United States citizen;
- You are a resident of California;
- You will be 18 years old by the date of the next election;
- You are not in prison or on parole for the conviction of a felony.

You need to re-register every time you move, change your name, or wish to change political parties.

In order to vote in an election, you must be registered to vote at least 29 days before that election.

To obtain a Voter Registration Card, call the Secretary of State's office toll-free voter hotline at (800) 345-VOTE.

**It's Your Right . . .  
Register and Vote**

# Helpful Hints

## Filling in your return.

Tips on how you should fill in Form 540NR:

- Use black or blue ballpoint pen on the copy you send us. Scanning machines may not be able to read red or other colored ink or pencil.
- Enter your social security number(s) at the top of Form 540NR, Side 1, "Step 1a" because those numbers are not pre-printed on your label anymore.
- Print all names and words in CAPITAL LETTERS.
- Print numbers inside boxes. Be sure to line up dollar amounts.
- Round cents to the nearest whole dollar. See "Rounding to Whole Dollars" on page 5.
- If you do not have an entry for a line, leave it blank. Do not enter a dash. Also do not enter a zero unless the instructions for a line specifically tell you to enter zero.
- Attach your label. Or if you don't have a label, fill in your name as in the following example:

Your first name	Initial	Last name
J O H N	A	D O E

Is your name or address too long to fit in the boxes provided? Do not shorten your name or address. Instead, ignore the boxes and fit the information in the space provided. **Example:** Jonathan A. Ziggzephyrstone would enter his name as follows:

Your first name	Initial	Last name
J O N A T H A N	A	Z I G G Z E P H Y R S T O N E

## Attachments to your return.

**Form(s) W-2, W-2G, 1099-R, 592-B, 594 and 597:** Make sure to staple these forms to the front of your return where it says "Attach copy of your Form(s) W-2 here."

If you do not receive your Form(s) W-2 by January 31, 1999, contact your employer. Only your employer can give or correct a Form W-2. If you cannot get a copy of your Form(s) W-2, you must complete form FTB 3525, Substitute for Form W-2, Wage and Tax Statement, or Form 1099-R, Distributions from Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc. See "Order Forms" on the back cover.

If you forget to send your Form(s) W-2 with your Form 540NR, do not send it until the Franchise Tax Board requests it.

**Checks:** If you have a balance due, make your check or money order payable to the Franchise Tax Board. Also, write your social security number and "1998 Form 540NR," on the check or money order. Then, see "Assembling your return" to the right.

**Federal return:** Be sure to attach a copy of your complete federal return to Form 540NR.

## Mailing your return.

**Refund or no amount due:**

FRANCHISE TAX BOARD  
PO BOX 942840  
SACRAMENTO CA 94240-0000

**If you owe:**

FRANCHISE TAX BOARD  
PO BOX 942867  
SACRAMENTO CA 94267-0001

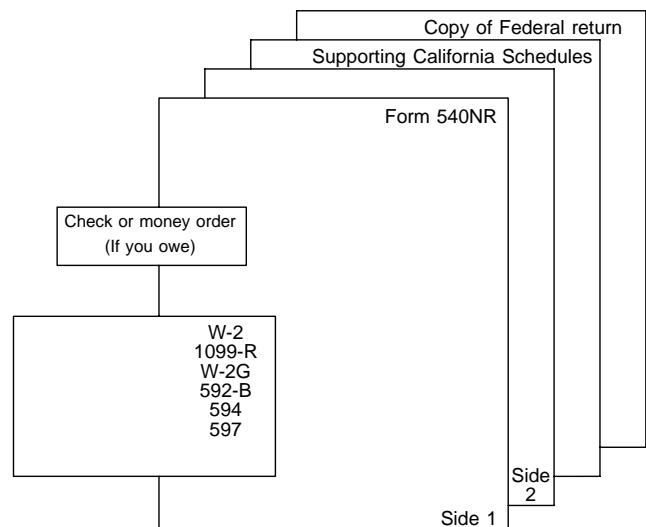
## Important due dates.

DATE	
April 15, 1999	Last day to pay 1998 amount you owe to avoid penalties and interest. <sup>1</sup> See page 4 for more information.
October 15, 1999	Last day to file your 1998 return to avoid penalties and interest computed from the original due date of April 15, 1999.
April 15, 1999 June 15, 1999 September 15, 1999 January 18, 2000	Due dates for 1999 estimated tax payments. Generally, you need to make estimated payments if less than 80% of your tax is paid by withholding. See "Estimated tax payments" on page 3.

<sup>1</sup>If you are living or traveling outside the United States on April 15, 1999, the due dates for filing your return and paying your tax are different. See "Taxpayers Residing or Traveling Abroad" on page 4 for more information.

## Assembling your return.

**Assemble your return in the order shown below.**



# California Nonresident or Part-Year Resident Income Tax Return 1998

FORM

**540NR**

Fiscal year filers only: Enter month of year end: month \_\_\_\_\_ year 1999.

**Step 1**

Place label here or print

**Name and Address**

Your first name	Initial	Last name	Do Not Write In These Spaces	
If joint return, spouse's first name	Initial	Last name		
Present home address — number and street including PO Box or rural route				Apt. no.
City, town or post office				State
			P	
			AC	
			A	
			R	
			RP	

**Step 1a**

SSN

Your social security number

If joint return, spouse's social security number

**IMPORTANT:**

Your social security number is required.

**Step 2****Filing Status**

Check only one.

- 1 ☐ Single
- 2 ☐ Married filing joint return (even if only one spouse had income)
- 3 ☐ Married filing separate return. Enter spouse's social security number above and full name here \_\_\_\_\_
- 4 ☐ Head of household (with qualifying person) STOP. See page 11.
- 5 ☐ Qualifying widow(er) with dependent child. Enter year spouse died 19 \_\_\_\_\_
- 6 If your parent (or someone else) can claim you (or your spouse, if married) as a dependent on his or her tax return, even if he or she chooses not to, check here ☐ 6
- 7 Personal: If you checked box 1, 3 or 4 above, enter 1. If you checked box 2 or 5, enter 2. If you checked the box on line 6, see page 11 ☐ 7
- 8 Blind: If you (or if married, your spouse) are visually impaired, enter 1. If both are visually impaired, enter 2 ☐ 8
- 9 Senior: If you (or if married, your spouse) are 65 or older, enter 1. If both are 65 or older, enter 2 ☐ 9
- 10 Add line 7 through line 9 ☐ 10
- 11 Dependents: Enter name and relationship. Do not include yourself or your spouse. \_\_\_\_\_
- Enter the total number of dependents ☐ 11

**Step 4****Taxable Income**

Attach copy of your Form(s) W-2, W-2G, 1099-R, 592-B, 594 and 597 here.

- 12 Total California wages from all your Form(s) W-2, box 17 ☐ 12
- 13 Enter federal adjusted gross income from Form 1040, line 33; Form 1040A, line 18; Form 1040EZ, line 4; TeleFile Tax Record, line H; Form 1040NR, line 33; or Form 1040NR-EZ, line 10 ☐ 13
- 14 California adjustments — subtractions. Enter the amount from Schedule CA (540NR), line 33, column B. ☐ 14  
**Caution:** If the amount on Schedule CA (540NR), line 33, column B is a negative number, see page 12.
- 15 Subtract line 14 from line 13. If less than zero, enter the result in parentheses. See page 12 ☐ 15
- 16 California adjustments — additions. Enter the amount from Schedule CA (540NR), line 33, column C ☐ 16  
**Caution:** If the amount on Schedule CA (540NR), line 33, column C is a negative number, see page 12.
- 17 Adjusted gross income from all sources. Combine line 15 and line 16 ☐ 17
- 18 Enter the **larger** of: Your California **itemized deductions** from Schedule CA (540NR), line 40; **OR** Your California **standard deduction**. See page 12 ☐ 18
- 19 Subtract line 18 from line 17. If less than zero, enter -0-. This is your taxable income. ☐ 19

**Step 5****Tax**

- 20 CA adjusted gross income from Schedule CA (540NR), line 33, column E.. ☐ 20
- 22 Tax on the amount shown on line 19. Check if from:  
☐ Tax Table ☐ Tax Rate Schedules ☐ FTB 3800 or ☐ FTB 3803 ☒ 22  
**Caution:** If under age 14 and you have more than \$1,400 of investment income, read the line 22 instructions to see if you must attach form FTB 3800.
- 23 Exemption credits: See the line 23 instructions before making an entry on this line  
Check if from ☐ Flowchart ☐ Federal AGI limit or ☐ California TMT limit ☒ 23
- 24 Subtract line 23 from line 22. If less than zero, enter -0- ☐ 24
- 25a Ratio. Enter the ratio from Schedule CA (540NR), line 34 ☐ 25a
- 25b Multiply line 24 by the ratio on line 25a ☐ 25b
- 26 Tax. Check if from ☐ Schedule G-1, Tax on Lump-Sum Distributions; and ☒ 26  
☐ form FTB 5870A, Tax on Accumulation Distribution of Trusts
- 27 Add line 25b and line 26. Continue to Side 2 ☐ 27

**Step 6****Special  
Credits and  
Nonrefundable  
Renter's  
Credit**

28	Amount from Side 1, line 27	28	
31	Credit for joint custody head of household. See page 15	31	
32	Credit for dependent parent. See page 15	32	
33	Credit for senior head of household. See page 15	33	
36	Add line 31 through line 33. Multiply the total by the ratio on Side 1, line 25a	36	
37	Enter credit name _____ code no. _____ and amount	37	
38	Enter credit name _____ code no. _____ and amount	38	
39	To claim more than two credits, see page 15	39	
40	Nonrefundable renter's credit. See instructions for "Step 6" on page 14	40	
42	Add line 36 through line 40. These are your total credits	42	
43	Subtract line 42 from line 28. If less than zero, enter -0-	43	

**Step 7****Other Taxes**

44	Alternative minimum tax. Attach Schedule P (540NR)	44	
45	Other taxes and credit recapture. See page 17	45	
46	Add line 43 through line 45. This is your total tax	46	

**Step 8****Payments**

47	California income tax withheld. Enter total from your 1998 Form(s) W-2, W-2G, 1099-MISC, 1099-R, 592-B, 594 or 597. Also attach the form(s) to Side 1	47	
48	1998 CA estimated tax; amount applied from 1997 return, etc. See page 17	48	
50	Did either you or your spouse receive more than \$31,767 in wages in 1998? Yes. See page 17. No. Go to line 51	50	
51	Add line 47 through line 50. These are your total payments	51	

**Step 9****Overpaid  
Tax or  
Tax Due**

52	Overpaid tax. If line 51 is more than line 46, subtract line 46 from line 51	52	
53	Amount of line 52 you want applied to your 1999 estimated tax	53	
54	Overpaid tax available this year. Subtract line 53 from line 52	54	
55	Tax due. If line 51 is less than line 46, subtract line 51 from line 46	55	

**Step 10****Contributions**

56	Contribution to California Seniors Special Fund. See page 18. You may make a contribution of \$1 or more to:	56	
57	Alzheimer's Disease/Related Disorders Fund	57	00
58	California Fund for Senior Citizens	58	00
59	Rare and Endangered Species Preservation Program	59	00
60	State Children's Trust Fund for the Prevention of Child Abuse	60	00
61	California Breast Cancer Research Fund	61	00
62	California Firefighters' Memorial Fund	62	00
63	California Public School Library Protection Fund	63	00
64	D.A.R.E. California (Drug Abuse Resistance Education) Fund	64	00
65	California Military Museum Fund	65	00
66	California Mexican American Veterans' Memorial	66	00
67	Emergency Food Assistance Program Fund	67	00
68	Add line 56 through line 67. These are your total contributions	68	

**Step 11****Refund or  
Amount  
You Owe**

69	REFUND OR NO AMOUNT DUE. Subtract line 68 from line 54. Mail to: FRANCHISE TAX BOARD, PO BOX 942840, SACRAMENTO CA 94240-0000	69	
70	AMOUNT YOU OWE. Add line 55 and line 68. Make a check/money order payable to "Franchise Tax Board" for the full amount. Write your social security number and "1998 Form 540NR" on it. Attach it to the front of your Form 540NR and mail to: FRANCHISE TAX BOARD, PO BOX 942867, SACRAMENTO CA 94267-0001	70	

**Step 12****Interest and  
Penalties**

71	Interest, late return penalties and late payment penalties	71	
72	Underpayment of estimated tax. If form FTB 5805 or 5805F is attached, check here	72	
73	If you do <b>not</b> need California income tax forms mailed to you next year, check here	73	

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct and complete. 9

**Sign  
Here**

It is unlawful to  
forge a spouse's  
signature.

Your signature	Daytime phone number
X _____	( ) _____
Spouse's signature (if filing joint, both must sign)	Date
X _____	____/____/____
Paid preparer's signature (declaration of preparer is based on all information of which preparer has any knowledge)	Paid preparer's SSN/FEIN
_____	_____
Firm's name (or yours if self-employed)	Firm's address
_____	_____



# California Nonresident or Part-Year Resident Income Tax Return 1998

FORM

**540NR**

Fiscal year filers only: Enter month of year end: month \_\_\_\_\_ year 1999.

**Step 1**

Place label here or print

**Name and Address**

Your first name	Initial	Last name	Do Not Write In These Spaces	
If joint return, spouse's first name	Initial	Last name		
Present home address — number and street including PO Box or rural route				Apt. no.
City, town or post office				State

**Step 1a**

SSN

Your social security number

If joint return, spouse's social security number

**IMPORTANT:**

Your social security number is required.

**Step 2****Filing Status**

Check only one.

- 1 ☐ Single  
2 ☐ Married filing joint return (even if only one spouse had income)  
3 ☐ Married filing separate return. Enter spouse's social security number above and full name here \_\_\_\_\_  
4 ☐ Head of household (with qualifying person) STOP. See page 11.  
5 ☐ Qualifying widow(er) with dependent child. Enter year spouse died 19 \_\_\_\_\_.

**Step 3****Exemptions**

Attach check or money order here.

- 6 If your parent (or someone else) can claim you (or your spouse, if married) as a dependent on his or her tax return, even if he or she chooses not to, check here ☐ 6  
7 Personal: If you checked box 1, 3 or 4 above, enter 1. If you checked box 2 or 5, enter 2. If you checked the box on line 6, see page 11 ☐ 7  
8 Blind: If you (or if married, your spouse) are visually impaired, enter 1. If both are visually impaired, enter 2 ☐ 8  
9 Senior: If you (or if married, your spouse) are 65 or older, enter 1. If both are 65 or older, enter 2 ☐ 9  
10 Add line 7 through line 9 ☐ 10  
11 Dependents: Enter name and relationship. Do not include yourself or your spouse. \_\_\_\_\_

Enter the total number of dependents

11

**Step 4****Taxable Income**

Attach copy of your Form(s) W-2, W-2G, 1099-R, 592-B, 594 and 597 here.

- 12 Total California wages from all your Form(s) W-2, box 17 ☐ 12  
13 Enter federal adjusted gross income from Form 1040, line 33; Form 1040A, line 18; Form 1040EZ, line 4; TeleFile Tax Record, line H; Form 1040NR, line 33; or Form 1040NR-EZ, line 10 ☐ 13  
14 California adjustments — subtractions. Enter the amount from Schedule CA (540NR), line 33, column B. ☐ 14  
**Caution:** If the amount on Schedule CA (540NR), line 33, column B is a negative number, see page 12.  
15 Subtract line 14 from line 13. If less than zero, enter the result in parentheses. See page 12 ☐ 15  
16 California adjustments — additions. Enter the amount from Schedule CA (540NR), line 33, column C ☐ 16  
**Caution:** If the amount on Schedule CA (540NR), line 33, column C is a negative number, see page 12.  
17 Adjusted gross income from all sources. Combine line 15 and line 16 ☐ 17  
18 Enter the **larger** of: Your California **itemized deductions** from Schedule CA (540NR), line 40; **OR** Your California **standard deduction**. See page 12 ☐ 18  
19 Subtract line 18 from line 17. If less than zero, enter -0-. This is your taxable income. ☐ 19

**Step 5****Tax**

- 20 CA adjusted gross income from Schedule CA (540NR), line 33, column E.. ☐ 20  
22 Tax on the amount shown on line 19. Check if from:  
☐ Tax Table ☐ Tax Rate Schedules ☐ FTB 3800 or ☐ FTB 3803 ☒ 22  
**Caution:** If under age 14 and you have more than \$1,400 of investment income, read the line 22 instructions to see if you must attach form FTB 3800.  
23 Exemption credits: See the line 23 instructions before making an entry on this line  
Check if from ☐ Flowchart ☐ Federal AGI limit or ☐ California TMT limit ☒ 23  
24 Subtract line 23 from line 22. If less than zero, enter -0- ☐ 24  
25a Ratio. Enter the ratio from Schedule CA (540NR), line 34 ☐ 25a  
25b Multiply line 24 by the ratio on line 25a ☐ 25b  
26 Tax. Check if from ☐ Schedule G-1, Tax on Lump-Sum Distributions; and ☒ 26  
☐ form FTB 5870A, Tax on Accumulation Distribution of Trusts ☐ 26  
27 Add line 25b and line 26. Continue to Side 2 ☐ 27

**Step 6****Special  
Credits and  
Nonrefundable  
Renter's  
Credit**

28	Amount from Side 1, line 27	28	
31	Credit for joint custody head of household. See page 15	31	
32	Credit for dependent parent. See page 15	32	
33	Credit for senior head of household. See page 15	33	
36	Add line 31 through line 33. Multiply the total by the ratio on Side 1, line 25a	36	
37	Enter credit name _____ code no. _____ and amount	37	
38	Enter credit name _____ code no. _____ and amount	38	
39	To claim more than two credits, see page 15	39	
40	Nonrefundable renter's credit. See instructions for "Step 6" on page 14	40	
42	Add line 36 through line 40. These are your total credits	42	
43	Subtract line 42 from line 28. If less than zero, enter -0-	43	

**Step 7****Other Taxes**

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45	Other taxes and credit recapture. See page 17	45	
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Tax or  
Tax Due**

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58	California Fund for Senior Citizens	58	00
59	Rare and Endangered Species Preservation Program	59	00
60	State Children's Trust Fund for the Prevention of Child Abuse	60	00
61	California Breast Cancer Research Fund	61	00
62	California Firefighters' Memorial Fund	62	00
63	California Public School Library Protection Fund	63	00
64	D.A.R.E. California (Drug Abuse Resistance Education) Fund	64	00
65	California Military Museum Fund	65	00
66	California Mexican American Veterans' Memorial	66	00
67	Emergency Food Assistance Program Fund	67	00
68	Add line 56 through line 67. These are your total contributions	68	

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Amount  
You Owe**

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**Step 12****Interest and  
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72	Underpayment of estimated tax. If form FTB 5805 or 5805F is attached, check here	72	
73	If you do not need California income tax forms mailed to you next year, check here	73	

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct and complete. 9

**Sign  
Here**

It is unlawful to  
forge a spouse's  
signature.

Your signature	Daytime phone number
X	( )
Spouse's signature (if filing joint, both must sign)	Date
X	
Paid preparer's signature (declaration of preparer is based on all information of which preparer has any knowledge)	Paid preparer's SSN/FEIN
Firm's name (or yours if self-employed)	Firm's address

# Instructions for Form 540NR

## California Nonresident or Part-Year Resident Income Tax Return

These instructions are based on the Internal Revenue Code (IRC) as of **January 1, 1998**, and the California Revenue and Taxation Code (R&TC).

### Before You Begin

You must complete your federal income tax return (Form 1040, Form 1040A, Form 1040EZ, federal Tele-File Tax Record, or Form 1040NR or Form 1040NR-EZ) before you begin your Form 540NR. You will use information from your federal income tax return to complete your Form 540NR. Be sure to complete and mail Form 540NR by April 15, 1999. If you cannot mail your return by the due date, see page 4 for information.

See "Order Forms" on the back cover for information on how to get forms and publications referred to in these instructions.

**Important:** You must attach a copy of your federal income tax return, and all supporting federal forms and schedules to Form 540NR.

**If You File as Head of Household**, do not claim yourself or a nonrelative as the qualifying individual for head of household. Get FTB Pub. 1540, California Head of Household Filing Status Information, for more information.

### Step 1

#### Name and Address

**If there is a label on the front of your booklet**, attach the label to your return after you have completed it. Make sure that the information on your label is correct. Cross out any errors and print the correct information.

**If there is no label**, print your name and address in the spaces provided at the top of Form 540NR. See "Filling in your return" on page 6.

### Step 1a

#### Social Security Number(s)

Enter your social security number(s) in the spaces provided. To protect your privacy, your social security number(s) are not printed on your label. If you file a joint return, show the social security numbers in the same order that you show both names. **Note:** If you do not have a social security number because you are a nonresident or resident alien for federal tax purposes, and the IRS issued you an IRS Individual Taxpayer Identification Number (ITIN), enter the ITIN in the spaces provided for the social security number.

### Step 2

#### Filing Status

Check only one of the boxes on line 1 through line 5. Be sure to enter the required information if you check a box on line 3 or line 5.

If you file federal Form 1040EZ, Form 1040A, Form 1040 or TeleFile, your filing status for California must be the same as the filing status you used on your federal income tax return.

**Exception:** Married taxpayers who file a joint federal income tax return may file either a joint return or separate returns if either spouse was:

- An active member of the United States armed forces or any auxiliary military branch during 1998; or
- A nonresident for the entire year and had no income from California sources during 1998.

If you filed federal Form 1040NR or Form 1040NR-EZ, you do not qualify to use head of household or married filing joint filing statuses. Instead, use single, married filing separate or qualifying widow(er), whichever applies to you.

**If You Are Married and File a Separate Return**, enter your spouse's name on line 3 and social security number in the space provided in "Step 1a."

**Note:** Community property rules may apply to the separation of income when you use the married filing separate status. For more information, get FTB Pub. 1031, Guidelines for Determining Resident Status, and FTB Pub. 1051A, Guidelines For Married Filing Separate Returns.

### Step 3

#### Exemptions

##### Line 6 – Dependent Check Box

Check the box on line 6 if your parent (or someone else) can claim you as a dependent on his or her tax return. For example, if your parent (or someone else) could claim you as a dependent on his or her tax return but he or she chose not to claim you, you must still check the box on line 6.

##### Line 7 – Personal Exemptions

Did you check the box on line 6?

**No** Follow the instructions on Form 540NR, line 7.  
**Yes** Ignore the instruction on Form 540NR, line 7. Instead, enter the amount shown below for your filing status:

- Single or married filing separate, enter -0-;
- Head of household, enter -0-;
- Married filing joint and both you and your spouse can be claimed as dependents, enter -0-; or
- Married filing joint and only one spouse can be claimed as a dependent, enter 1.

##### Line 8 – Blind Exemptions

The first year you claim this exemption credit, you must attach a doctor's statement to the back of Form 540NR indicating that you or your spouse are visually impaired. You are visually impaired if you cannot see better than 20/200 while wearing glasses or contact lenses, or if your field of vision is not more than 20 degrees.

**Caution:** An individual who is someone else's dependent may not claim this credit.

##### Line 9 – Senior Exemptions

If you were 65 years of age or older by December 31, 1998, you should claim an additional exemption credit on line 9. If you are married, each spouse 65 years of age or older should claim an additional credit.

**Caution:** An individual who is someone else's dependent may not claim this credit.

##### Line 11 – Dependent Exemptions

To claim an exemption credit for each of your dependents, write each dependent's name and relationship to you in the space provided. The persons you list as dependents on your Form 540NR must be the same persons you listed as dependents on your federal income tax return. Count the number of dependents listed and enter the total on line 11.

### Step 4

#### Taxable Income

Refer to your completed federal income tax return and your Schedule CA (540NR), California Adjustments — Nonresidents or Part-Year Residents, to complete "Step 4."

##### Line 12 – California Wages

Enter the total amount of your California wages from your Form(s) W-2. This amount should be shown in box 17 of Form W-2.

## Instructions: Form 540NR

### Line 14 – California Adjustments — Subtractions

(from Schedule CA (540NR), line 33, column B)

You must complete Schedule CA (540NR) to find the amount to enter on Form 540NR, line 14. Follow the instructions for Schedule CA (540NR) beginning on page 25. Enter the amount from Schedule CA (540NR), line 33, column B on Form 540NR, line 14.

### Line 15 – Subtotal

Subtract the amount on line 14 from the amount on line 13. Enter the result on line 15. If the amount on line 13 is less than zero, combine the amounts on line 13 and line 14 and enter the amount in parentheses. For example: "(12,325)."

### Line 16 – California Adjustments — Additions

(from Schedule CA (540NR), line 33, column C)

You must complete Schedule CA (540NR), to find the amount to enter on Form 540NR, line 16. Follow the instructions for Schedule CA (540NR) beginning on page 25. Enter the amount from Schedule CA (540NR), line 33, column C.

### Line 17 – Adjusted Gross Income From All Sources

Combine line 15 and line 16. This amount should be the same as the amount on Schedule CA (540NR), line 33, column D.

### Line 18 – Standard Deduction OR Itemized Deductions

You must decide whether to take the standard deduction or itemize your charitable contributions, medical expenses, etc. Your California income tax will be less if you take the **larger** of your California:

- Itemized deductions (total itemized deductions allowed under California law); or
- Standard deduction.

If you are married and file a separate return, both you and your spouse must either itemize your deductions or take the standard deduction.

**Itemized deductions.** Figure your California itemized deductions by completing Schedule CA (540NR), Part III, line 35 through line 40. Enter the result on Form 540NR, line 18. **Note:** If you did not itemize deductions on your federal income tax return but will itemize deductions for your California Form 540NR, first complete federal Schedule A, Itemized Deductions. Then complete Schedule CA (540NR), Part III, line 35 through line 40.

**Standard deduction.** Most people can find their standard deduction by looking at the California Standard Deduction Chart For Most People on this page. But, if you checked the box on Form 540NR, line 6, you must use the California Standard Deduction Worksheet for Dependents, on this page.

#### California Standard Deduction Chart For Most People

Do not use this chart if your parent, or someone else, can claim you as a dependent on his or her tax return.

Your Filing Status	Enter On Line 18
1 – Single . . . . .	\$2,642
2 – Married filing joint return . . . . .	\$5,284
3 – Married filing separate return . . . . .	\$2,642
4 – Head of household . . . . .	\$5,284
5 – Qualifying widow(er) . . . . .	\$5,284

**Note:** The California standard deduction amounts are less than the federal standard deduction amounts.

#### California Standard Deduction Worksheet For Dependents

Use this worksheet only if your parent, or someone else, can claim you as a dependent on his or her tax return.

- Enter your earned income from: line 1 of the federal "Standard Deduction Worksheet for Dependents" in the instructions for federal Form 1040A, Form 1040; or from Line A of the worksheet found on the back of federal Form 1040EZ. If you used federal TeleFile, add \$250 to the total of your wages from all Form(s) W-2, box 1.  
Enter the result here . . . . . **1** \_\_\_\_\_
- Minimum standard deduction . . . . . **2** \$700.00
- Compare the amounts on line 1 and line 2.  
Enter the **larger** of the two amounts here . . . . . **3** \_\_\_\_\_
- Enter the amount shown below for your filing status.
 

• Single or married filing separate, enter \$2,642	} <b>4</b> _____
• Married filing joint, head of household or qualifying widow(er), enter \$5,284	
- Standard deduction.** Compare the amounts on line 3 and line 4. Enter the **smaller** of the two amounts here and on Form 540NR, line 18 . . . . . **5** \_\_\_\_\_

## Step 5

### Tax

When you figure your tax, be sure to use the correct filing status and taxable income amount.

### Line 20 – California Adjusted Gross Income

You must complete Schedule CA (540NR), column E to determine your California adjusted gross income. Follow the instructions for Schedule CA (540NR) beginning on page 25. Enter on Form 540NR, line 20 the amount from Schedule CA (540NR), line 33, column E.

### Line 22 – Tax

Figure your tax on the amount on line 19. Use one of the following methods and check the corresponding box on line 22:


- **Tax Table.** If your taxable income is \$50,000 or less, you must use the tax table beginning on page 35. Be sure you use the correct filing status column.
- **Tax Rate Schedules.** If your taxable income is over \$50,000, you must use the tax rate schedules on page 38.
- **FTB 3800.** Generally, you must use form FTB 3800, Tax Computation for Children With Investment Income, to figure the tax on the separate Form 540NR of your child who was under age 14 on January 1, 1999, and who had more than \$1,400 of investment income. Attach form FTB 3800 to the child's Form 540NR.
- **FTB 3803.** If, as a parent, you elect to report your child's interest and dividend income of \$7,000 or less (but not less than \$700) on your return, complete form FTB 3803, Parents' Election to Report Child's Interest and Dividends. You must file a separate form FTB 3803 for each child whose income you elect to include on your Form 540NR. Add the amount of tax, if any, from each form FTB 3803, line 9, to the amount of your tax from the tax table or tax rate schedules and enter the result on Form 540NR, line 22. Check the box labeled "FTB 3803." Attach form(s) FTB 3803 to your return.

### Line 23 – Exemption Credits

Exemption credits may reduce your tax, but the amount of the credits may be limited in two ways. It may be limited by federal adjusted gross income (AGI). And it may also be limited by California tentative minimum tax (TMT). To find out if your exemption credits may be affected by one or both of these limitations, use the flowchart on the next page. The flowchart will help you

determine if you need to complete a worksheet or get and complete Schedule P (540NR) to figure the amount of your exemption credits available to reduce your tax. See "Order Forms" on the back cover for how to get Schedule P (540NR).


- 1** If your filing status is: Is Form 540NR, line 13 more than:
- |   |           |
|---|-----------|
| Single or married filing separate . . . . .           | \$116,777 |
| Married filing joint or qualifying widow(er). . . . . | \$233,556 |
| Head of household . . . . .                           | \$175,166 |

**Yes** Complete Worksheet I on this page.  
**No** Go to box 2 




- 2** Did you complete federal Schedule C, D, E or F and claim or receive any of the following:

- Accelerated depreciation in excess of straight-line;
- Intangible drilling costs;
- Depletion;
- Circulation expenditures;
- Research and experimental expenditures;
- Mining exploration/development costs;
- Amortization of pollution control facilities;
- Income/loss from tax shelter farm activities;
- Income/loss from passive activities;
- Income from long-term contracts using the percentage of completion method;
- Pass-through AMT adjustment from an estate or trust reported on Schedule K-1 (541); or
- Excluded gain on the sale of qualified small business stock.


**Yes** Get and complete Schedule P (540NR) through Part V, line 5 to figure the amount of your exemption credits.

**No** Go to box 3 

- 3** Did you claim or receive any of the following:

- Investment interest expense  226;
- Income from incentive stock options in excess of the amount reported on your return.  225;
- Charitable contribution deduction for appreciated property.  224;
- Income from installment sales of certain property; or
- Net operating loss deduction or disaster loss carryover reported on form(s) FTB 3805V, 3805Z, 3806 or 3807.

**Yes** Get and complete Schedule P (540NR) through Part V, line 5 to figure the amount of your exemption credits.


**No** Go to box 4 

- 4** If your filing status is: Is Form 540NR, line 17 more than:

Single or head of household . . . . .	\$42,945
Married filing joint or qualifying widow(er). . . . .	\$57,260
Married filing separate . . . . .	\$28,630

**No** Complete the following worksheet to determine your total exemption credits:


- a** Multiply \$70 by the amount on Form 540NR, line 10 **a** \_\_\_\_\_  
**b** Multiply \$253 by the amount on Form 540NR, line 11 **b** \_\_\_\_\_  
**c** Total exemption credits. Add line a and line b.  
 Enter the result on Form 540NR, line 23 . . . . . **c** \_\_\_\_\_  
 Check the box labeled "Flowchart."

**Yes** Go to box 5 

- 5** If your filing status is: Is Form 540NR, line 17 more than:

Single or head of household . . . . .	\$161,044
Married filing joint or qualifying widow(er). . . . .	\$214,725
Married filing separate . . . . .	\$107,362

**Yes** Get and complete Schedule P (540NR) through Part V, line 5 to figure the amount of your exemption credits.

**No** Go to box 6 

- 6** Did you itemize deductions?

**Yes** Complete Worksheet III on the following page.  
**No** Complete Worksheet II on this page.

### WORKSHEET I —

#### Limiting the exemption credit by federal AGI

- a** Enter the amount from Form 540NR, line 13 . . . . . **a** \_\_\_\_\_  
**b** Enter the amount for your filing status on line b:  
 Single or married filing separate . . . . . \$116,777  
 Married filing joint or qualifying widow(er) . . . . . \$233,556  
 Head of household . . . . . \$175,166 } **b** \_\_\_\_\_  
**c** Subtract line b from line a . . . . . **c** \_\_\_\_\_  
**d** Divide line c by \$2,500 (\$1,250 if married filing separate). **Note:** If the result is not a whole number, round it to the next higher whole number . . . **d** \_\_\_\_\_  
**e** Multiply line d by \$6 . . . . . **e** \_\_\_\_\_  
**f** Multiply line e by the number of exemptions from Form 540NR, line 10 . . . . . **f** \_\_\_\_\_  
**g** Multiply \$70 by the number of exemptions on Form 540NR, line 10 . . . . . **g** \_\_\_\_\_  
**h** Subtract line f from line g. If zero or less, enter -0- . . **h** \_\_\_\_\_  
**i** Multiply line e by the number of exemptions from Form 540NR, line 11 . . . . . **i** \_\_\_\_\_  
**j** Multiply \$253 by the number of exemptions on Form 540NR, line 11 . . . . . **j** \_\_\_\_\_  
**k** Subtract line i from line j. If zero or less, enter -0- . . . **k** \_\_\_\_\_  
**l** Add line h and line k . . . . . **l** \_\_\_\_\_  
 If the result is more than zero, enter the result. Get and complete Schedule P (540NR) through Part V, line 5. If the result is zero or less than zero, enter -0- here and on Form 540NR, line 23. Check the box labeled "Federal AGI limit." Go to Form 540NR, line 24.

### WORKSHEET II — Exemption credit worksheet for taxpayers claiming the standard deduction

- 1** Enter the amount from Form 540NR, line 22 . . . . . **1** \_\_\_\_\_  
**2** Enter the amount from Form 540NR, line 17 . . . . . **2** \_\_\_\_\_  
**3** Exclusion. If you file federal Schedule C, D, E or F, see Trade or Business Exclusion on the next page. Otherwise, enter -0- . . . . . **3** \_\_\_\_\_  
**4** Subtract line 3 from line 2 . . . . . **4** \_\_\_\_\_  
**5** Enter the amount for your filing status on line 5:  
 Single or head of household . . . . . \$42,945  
 Married filing joint or qualifying widow(er) . . . . . \$57,260  
 Married filing separate . . . . . \$28,630 } **5** \_\_\_\_\_  
**6** Subtract line 5 from line 4. If zero or less, enter -0- . . **6** \_\_\_\_\_  
**7** Multiply line 6 by .07 . . . . . **7** \_\_\_\_\_  
**8** Subtract line 7 from line 1. If zero or less, enter -0- . . **8** \_\_\_\_\_  
**9** Multiply \$70 by the amount on Form 540NR, line 10 . . **9** \_\_\_\_\_  
**10** Multiply \$253 by the amount on Form 540NR, line 11. **10** \_\_\_\_\_  
**11** Add line 9 and line 10 . . . . . **11** \_\_\_\_\_  
**12** Enter the smaller of line 8 or line 11. . . . . **12** \_\_\_\_\_  
 This is your allowable exemption credit. Enter this amount on Form 540NR, line 23 and check the box labeled "California TMT limit." Go to Form 540NR, line 24.

**WORKSHEET III — Exemption credit worksheet for taxpayers claiming itemized deductions**

<b>A</b>	Enter the amount from Form 540NR, line 22 . . . . .	<b>A</b> _____
<b>B</b>	Enter the smaller of federal Schedule A, line 4 (medical and dental expense); or 2 1/2% of Form 1040, line 33 (federal AGI) . . . . .	<b>B</b> _____
<b>C</b>	Enter personal property and real property taxes paid and included on federal Schedule A, line 6, line 7 or line 8 . . . . .	<b>C</b> _____
<b>D</b>	Enter certain interest on a home mortgage <b>not</b> used to buy, build or improve your home  223. . . . .	<b>D</b> _____
<b>E</b>	Enter miscellaneous itemized deductions from federal Schedule A, line 26 . . . . .	<b>E</b> _____
<b>F</b>	Add line B through line E . . . . .	<b>F</b> _____
<b>G</b>	Enter the amount from Form 540NR, line 19 (taxable income) . . . . .	<b>G</b> _____
<b>H</b>	Add line F and line G . . . . .	<b>H</b> _____
<b>I</b>	Exclusion. If you file federal Schedule C, D, E or F, see Trade or Business Exclusion in the next box. Otherwise, enter -0- . . . . .	<b>I</b> _____
<b>J</b>	Subtract line I from line H . . . . .	<b>J</b> _____
<b>K</b>	Enter the amount for your filing status on line K: Single or head of household . . . . . \$42,945 Married filing joint or qualifying widow(er) . . . . . \$57,260 Married filing separate . . . . . \$28,630	<b>K</b> _____
<b>L</b>	Subtract line K from line J. If zero or less, enter -0- . . . . .	<b>L</b> _____
<b>M</b>	Multiply line L by .07 . . . . .	<b>M</b> _____
<b>N</b>	Subtract line M from line A. If zero or less, enter -0- . . . . .	<b>N</b> _____
<b>O</b>	Multiply \$70 by the amount on Form 540NR, line 10. . . . .	<b>O</b> _____
<b>P</b>	Multiply \$253 by the amount on Form 540NR, line 11 . . . . .	<b>P</b> _____
<b>Q</b>	Add line O and line P . . . . .	<b>Q</b> _____
<b>R</b>	Enter the smaller of line N or line Q . . . . .	<b>R</b> _____

This is your allowable exemption credit. Also enter this amount on Form 540NR, line 23. Check the box labeled "California TMT limit." Go to Form 540NR, line 24.

**Trade or Business Exclusion**

If your aggregate gross receipts from trade or business income are less than \$1,000,000 as described below, enter your total taxable trade or business income on line 3 (if you are using Worksheet II) or on line I (if you are using Worksheet III). You qualify for the exclusion if you:

- Own or have an ownership interest in a trade or business; **and**
- Have **aggregate gross receipts, less returns and allowances**, during the taxable year of less than \$1,000,000 from **all** trades or businesses for which you are the owner or have an ownership interest. Gross receipts may include, but are not limited to, items reported on federal Schedule C, D, E (other than income from a trust) or F and from federal Form 4797 (figured in accordance with California law) or California Schedule D-1 (if required to complete it) that are associated with a trade or business. In the case of an ownership interest, you include only the proportional share of gross receipts of any trade or business from a partnership S corporation, regulated investment company (RIC), real estate investment trust (REIT), or real estate mortgage investment conduit (REMIC) in accordance with your ownership interest in the enterprise. Apply the \$1,000,000 test to the return regardless of filing status. The threshold does not become \$2,000,000 for married filing joint taxpayers.

**Definitions.**

**"Aggregate gross receipts, less returns and allowances"** means the sum of the gross receipts of the trade or businesses which you own and the **proportionate interest** of the gross receipts of the trades or businesses which you own and of pass-through entities in which you hold an interest.

**"Gross receipts less returns and allowances"** means the sum of the gross receipts from the production of business income, as defined in R&TC Section 25120(a), and the gross receipts from the production of nonbusiness income, as defined in R&TC Section 25120(d).

**"Proportionate interest"** means:

1. In the case of a pass-through entity which reports a profit for the taxable or income year, your profit interest in the entity at the end of your taxable year.
2. In the case of a pass-through entity which reports a loss for the taxable or income year, your loss interest in the entity at the end of your taxable year.
3. In the case of a pass-through entity which is sold or liquidates during the taxable or income year, your capital account interest in the entity at the time of the sale or liquidation.

**"Proportionate interest"** includes an interest in a pass-through entity including a partnership, S corporation, RIC, REIT or REMIC.

**Line 26 – Tax from Schedule G-1 and form FTB 5870A**

Check the applicable box(es) and enter the amount of taxes from:

- Schedule G-1, Tax on Lump-Sum Distributions; and
- Form FTB 5870A, Tax on Accumulation Distribution of Trusts.

**Step 6**

**Special Credits and Nonrefundable Renter's Credit**

A variety of California tax credits are available to reduce your tax if you qualify.

To figure and claim most credits, you must complete a separate form or schedule and attach it to your Form 540NR. The Credit Chart beginning on page 15 describes the credits and provides the name, credit code and number of the required form or schedule. Many credits are limited by a certain percentage or a certain dollar amount. In addition, the total amount you may claim for all credits is limited by TMT. Answer the following questions before you claim any of the credits from the Credit Chart on your tax return.

1. Do you qualify to claim the nonrefundable renter's credit? (See page 20). Check ☐ **Yes** or ☐ **No**, then go to Question 2.
2. Are you claiming any other special credits listed in the Credit Chart?

**No** If you checked "Yes" for Question 1, and entered an amount on Form 540NR, line 40, go to line 42. If you checked "No" for Question 1, skip to the instructions for line 43.

**Yes** Figure your credit using the form, schedule, worksheet or certificate identified in the Credit Chart. Then answer the questions below to see if the total amount you may claim for all credits is limited by TMT. If you checked "Yes" for Question 1, be sure that you entered your nonrefundable renter's credit on line 40.

3. Were you instructed in Step 5 to complete Schedule P (540NR)?

**No** Go to Question 4.

**Yes** Get and complete Schedule P (540NR), Part VI.

4. Did you complete Worksheet I in Step 5 **and** enter zero on Worksheet I, line I?

**No** Go to Question 5.

**Yes** Get and complete Schedule P (540NR), Parts I, II, III, IV, V and VI.

5. Were your exemption credits limited in Step 5 by Worksheet II or Worksheet III?

**Yes** Get and complete Schedule P (540NR), Part VI.

**No** Complete the following worksheet:

- a. Multiply the amount from Worksheet II, line 8, or from Worksheet III, line N by the ratio on Form 540NR, line 25a. . . . . **a** \_\_\_\_\_
- b. Enter the amount from Form 540NR, line 26 . . . . . **b** \_\_\_\_\_
- c. Add line a and line b . . . . . **c** \_\_\_\_\_
- d. Multiply the amount from Form 540NR, line 23 by the ratio on Form 540NR, line 25a. . . . . **d** \_\_\_\_\_
- e. Subtract line d from line c . . . . . **e** \_\_\_\_\_
- f. Enter the total of your credits . . . . . **f** \_\_\_\_\_

• If line e is more than line f, your credits are not limited. Go to line 31.

• If line e is less than line f, get and complete Schedule P (540NR).

**Carryovers:** If you claim a credit with carryover provisions and the amount of the credit available this year exceeds your tax, you may carry over any excess credit to future years until the credit is used (unless the carry-over period is a fixed number of years).

If you need to complete Schedule P (540NR) and if you claim any of the credits on line 31 through line 33, do not enter an amount on line 31 through line 33. Instead, enter the total amount of these credits from Schedule P (540NR), Part VI, Section A1, line 9 through line 11, on Form 540NR, line 36. Do not follow the instructions for line 36. Write "Schedule P (540NR)" to the left of the amount entered on line 36.

**Line 31 – Credit for Joint Custody Head of Household**

**Note:** You may not claim this credit if you used either the head of household or the qualifying widow(er) filing status.

You may claim a credit if you were unmarried at the end of 1998; (or if married, you lived apart from your spouse for all of 1998; and you used the married filing separate filing status); and if you furnished more than one-half the household expenses for your home that also served as the home of your child, step-child or grandchild for at least 146 days but not more than 219 days of your taxable year. If the child is married, you must be entitled to claim a dependent exemption for the child.

Also, the custody arrangement for the child must be part of a decree of dissolution or separate maintenance or must be part of a written agreement between the parents where the proceedings have been initiated, but a decree of dissolution or separate maintenance has not yet been issued.

Use the worksheet below to figure this credit.

1. Enter the amount from Form 540NR, line 24 . . . . . **1** \_\_\_\_\_
2. Enter the Schedule G-1 tax, if any, included on Form 540NR, line 26. **2** \_\_\_\_\_
3. Add line 1 and line 2 . . . . . **3** \_\_\_\_\_
4. Credit percentage — 30% . . . . . **4** x .30 \_\_\_\_\_
5. Credit amount. Multiply line 3 by line 4. Enter the result or \$281, whichever is less . . . . . **5** \_\_\_\_\_

**Line 32 – Credit for Dependent Parent**

**Note:** You may not claim this credit if you used the single, head of household, qualifying widow(er) or married filing joint filing status.

You may claim this credit only if:

- You were married at the end of 1998 and you used the married filing separate filing status;
- Your spouse was not a member of your household during the last six months of the year; and

- You furnished over one-half the household expenses for your dependent mother's or father's home, whether or not she or he lived in your home.

To figure the amount of this credit, use the worksheet for the credit for joint custody head of household.

**Line 33 – Credit for Senior Head of Household**

You may claim this credit if you:

- Were 65 years of age or older on December 31, 1998;
- Qualified as a head of household in 1996 or 1997 by providing a household for a qualifying individual who died during 1996 or 1997; and
- Did not have adjusted gross income over \$45,675 for 1998.

**Note:** If you meet all the conditions listed, you do not need to qualify to use the head of household filing status for 1998 in order to claim this credit.

Use the worksheet below to figure this credit.

1. Enter the amount from Form 540NR, line 19 . . . . . **1** \_\_\_\_\_
2. Credit percentage — 2% . . . . . **2** x .02 \_\_\_\_\_
3. Credit amount. Multiply line 1 by line 2. Enter the result or \$861, whichever is less . . . . . **3** \_\_\_\_\_

**Line 36 –** Add the amounts on line 31 through line 33. Multiply the total by the ratio on Side 1, line 25a. Enter the result on line 36. If you completed Schedule P (540NR), see the paragraph above the instructions for line 31.

**Line 37 through Line 39 – Additional Special Credits**

Each credit has a code number. To claim only one or two credits, enter the credit name, code number and amount of the credit on line 37 and line 38. To claim more than two credits, get Schedule P (540NR). List two of the credits on line 37 and line 38. Enter on line 39 the total of any remaining credits from Schedule P (540NR).

**Important:** Attach Schedule P (540NR) and any required supporting schedules or statements to your Form 540NR.

**Line 40 – Nonrefundable renter's credit**

Go to the instructions for "Step 6" on page 14.

**CREDIT CHART**

Credit Name	Code	Description
Child Adoption – Worksheet follows this chart.	197	50% of qualified costs in the year an adoption is ordered
Community Development Financial Institution Deposits — obtain certification from: California Organized Investment Network (COIN), Department of Insurance, 300 Capitol Mall Suite 1460, Sacramento CA 95814	209	20% of each qualified deposit made to a community development financial institution
Dependent Parent – See line 32 instructions.	173	Must use married filing separate filing status and have a dependent parent
Disabled Access for Eligible Small Businesses – FTB 3548	205	Similar to the federal credit but limited to \$125 based on 50% of qualified expenditures that do not exceed \$250
Donated Agricultural Products Transportation – FTB 3547	204	50% of the costs paid or incurred for the transportation of agricultural products donated to nonprofit charitable organizations
Employer Child Care Contribution – FTB 3501	190	Employer: 30% of contributions to a qualified plan
Employer Child Care Program – FTB 3501	189	Employer: Cost of establishing a child care program or constructing a child care facility
Enhanced Oil Recovery – FTB 3546	203	One third of the similar federal credit and limited to qualified enhanced oil recovery projects located within California
Enterprise Zone Employee – FTB 3553	169	5% of wages from work in an enterprise zone
Enterprise Zone Hiring & Sales or Use Tax – FTB 3805Z	176	Business incentives for enterprise zone businesses

(continued on next page)

# Instructions: Form 540NR

## CREDIT CHART (continued)

Credit Name	Code	Description
Farmworker Housing – obtain certification from: Farmworker Housing Assistance Program, California Tax Credit Allocation Committee, 915 Capitol Mall, Room 485, Sacramento CA 95814	207	50% of new construction or rehabilitation costs for farmworker housing
Joint Custody Head of Household – See line 31 instructions	170	30% of tax up to \$281 for single or married filing separate taxpayers who have a child and meet support test
Local Agency Military Base Recovery Area (LAMBRA) Hiring & Sales or Use Tax – FTB 3807	198	Business incentives for LAMBRA's
Low-Income Housing – FTB 3521	172	Similar to the federal credit but limited to low-income housing in California
Manufacturers' Investment – FTB 3535	199	6% of the cost of qualified property
Manufacturing Enhancement Area (MEA) Hiring – FTB 3808	211	Percentage of qualified wages paid to qualified disadvantaged individuals
Nonrefundable Renter's — See page 20	none	For California residents (and part-year residents) who paid rent for the principal residence for at least 6 months in 1998 and whose AGI does not exceed a certain limit
Other State Tax – Schedule S	187	Net income tax paid to another state or a U.S. possession on income also taxed by California
Prior Year Alternative Minimum Tax – FTB 3510	188	Must have paid alternative minimum tax in a prior year and have no alternative minimum tax liability in 1998
Prison Inmate Labor – FTB 3507	162	10% of wages paid to prison inmates
Research – FTB 3523	183	Similar to the federal credit but limited to costs for research activities in California
Rice Straw – obtain certification from: Rice Straw Tax Credit Program, Department of Food and Agriculture, 1220 N Street Room 409, Sacramento, CA 95814	206	\$15 per ton of purchased rice straw grown in California
Salmon & Steelhead Trout Habitat Restoration – obtain certification from: Department of Fish and Game, c/o FISH-Timber Tax Credits Program, PO Box 944209, Sacramento CA 95244-2090	200	10% of qualified costs or other amount determined by the Department of Fish and Game
Senior Head of Household – See line 33 instructions.	163	2% of taxable income up to \$861 for seniors who qualified for head of household and the qualifying individual died during 1996 or 1997
Targeted Tax Area (TTA) Hiring & Sales or Use Tax – FTB 3809	210	Business incentives for TTA businesses

**Repealed Credits:** The expiration dates for these credits have passed. However, these credits had carryover features. You may claim these credits only if there is a carryover available from prior years. If you are not required to complete Schedule P (540NR), get form FTB 3540, Credit Carryover Summary, to figure your credit carryover to future years.

Agricultural Products	175	Energy Conservation	182	Residential Rental & Farm Sales	186
Commercial Solar Electric System	196	Orphan Drug	185	Ridesharing	171
Commercial Solar Energy	181	Los Angeles Revitalization Zone (LARZ)		Solar Energy	180
Employee Ridesharing	194	Hiring & Sales or Use Tax	159	Solar Pump	179
Employer Ridesharing: Large employer	191	Low-Emission Vehicles	160	Water Conservation	178
Small employer	192	Political Contributions	184	Young Infant	161
Transit passes	193	Recycling Equipment	174		

### Credit for Child Adoption Costs — Code 197

For the year in which an order of adoption is entered, you may claim a credit for 50% of the cost of adopting a child who is a citizen or legal resident of the United States and who was in the custody of a California public agency or a California political subdivision. You may include the following costs if directly related to the adoption process:

- Fees of the Department of Social Services or a licensed adoption agency;
- Medical expenses not reimbursed by insurance; and
- Travel expenses for the adoptive family.

**Note:** Any deduction for the expenses upon which this credit is based must be reduced by the amount of the child adoption costs credit claimed.

Use the following worksheet to figure this credit. If more than one adoption qualifies for this credit, complete a separate worksheet for each adoption. The maximum credit is limited to \$2,500 per minor child.

1. Enter qualifying costs for the child. **1** \_\_\_\_\_
  2. Credit percentage — 50% . . . . . **2** x .50 \_\_\_\_\_
  3. Credit amount. Multiply line 1 by line 2. Do not enter more than \$2,500 . . . . . **3** \_\_\_\_\_
- Your allowable credit is limited to \$2,500 for 1998. You may carry over the excess credit to future years until the credit is used.

**Line 43** – Subtract the amount on line 42 from the amount on line 28. Enter the result on line 43. If the amount on line 42 is more than the amount on line 28, enter -0-. If you owe interest on deferred tax from installment obligations, include the additional tax, if any, in the amount you enter on line 43. Write "IRC Section 453 interest" or "IRC Section 453A interest" and the amount on the dotted line to the left of the amount on line 43.



**Step 7****Other Taxes**

Attach the specific form or statement required for each item in this step.

**Line 44 – Alternative Minimum Tax (AMT)**

If you claim certain types of deductions, exclusions and credits, you may owe AMT if your total income is more than:

- \$57,260 if you are married filing joint or qualifying widow(er); or
- \$42,945 if you are single or head of household; or
- \$28,630 if you are married filing separate.

A child under age 14 may owe AMT if the sum of the amount on line 19 (taxable income) and any preference items listed on Schedule P (540NR) and included on the return is more than the sum of \$5,000 plus the child's earned income.

AMT income does not include income, adjustments and items of tax preference related to any trade or business of a qualified taxpayer who has gross receipts, less returns and allowances, during the taxable year of less than \$1,000,000 from **all** trades or businesses.

Get Schedule P (540NR) for more information.

**Line 45 – Other Taxes and Credit Recapture**

If you used form(s) FTB 3501, Employer Child Care Program/Contribution Credit; FTB 3535, Manufacturers' Investment Credit; FTB 3805P, Additional Taxes Attributable to IRAs, Other Qualified Retirement Plans, Annuities, Modified Endowment Contracts and MSAs; FTB 3805Z, Enterprise Zone Deduction and Credit Summary; FTB 3806, Los Angeles Revitalization Zone (LARZ) Deduction and Credit Summary; or FTB 3807, Local Agency Military Base Recovery Area Deduction and Credit Summary; include the additional tax, if any, on line 45. Write the form number on the dotted line to the left of the amount on line 45.

**Step 8****Payments**

Make sure you have your Form(s) W-2, W-2G, 1099-MISC, 1099-R, 592-B, 594 and 597 before you begin this step.

If you received wages and do not have a Form W-2, see "Attachments to your return" on page 6.

**Line 47 – California Income Tax Withheld**

Enter the total California income tax withheld and shown on your Form(s):

- W-2, box 18;
- 1099-R, box 10; or
- W-2G, box 14;
- FTB 592-B, 594 or 597.
- 1099-MISC, box 11;

**Caution:** Do not include city or county tax withheld or tax withheld by other states.

If you received Form(s) 1099 showing California income tax withheld ("backup withholding") on dividends and interest income, real estate sales and partnership distributions, include the amount(s) withheld in the total on line 47.

**Line 48 – 1998 CA Estimated Tax Payments and Amount Applied from 1997 Return**

Enter the total of any:

- California estimated tax payments you made (Form 540-ES) for 1998;
- Overpayment from your 1997 California income tax return that you applied to your 1998 estimated tax;
- Payment you sent with form FTB 3519, Payment Voucher for Automatic Extension for Individuals; and
- California estimated tax payments made on your behalf by an estate or trust on Schedule K-1 (541).

**Note:** If you are including an amount from Schedule K-1 (568), write "LLC" on the dotted line to the left of the amount on line 48.

If you and your spouse paid joint estimated tax but are filing separate returns, either of you may claim all of the amount paid or you may each claim part of it. Attach a statement signed by you and your spouse explaining how you want your payments divided. Show both social security numbers on the separate returns. If you or your spouse made separate estimated tax payments, but are now filing a joint income tax return, add the amounts you each paid. Attach a statement to the front of Form 540NR explaining that payments have been made under both social security numbers.

**Line 50 – Excess California SDI (or VPD) Withheld**

If more than \$158.84 of California State Disability Insurance (SDI) or Voluntary Plan Disability Insurance (VPDI) was withheld from your wages by a single employer or if an employer withheld SDI (or VPD) at a rate of more than .5% of your gross wages, you may **not** claim excess SDI (or VPD) on your Form 540NR, line 50 for the amount over-withheld by your employer. Contact the employer for a refund.

You may claim a credit for excess California SDI (or VPD) only if you meet the following conditions:

- You had **two or more** employers during 1998;
- You received more than \$31,767 in wages during 1998 from these employers;
- Your employers combined withheld more than \$158.84 of SDI (or VPD) from your wages; and
- The amounts of SDI (or VPD) withheld appear on your Forms W-2. Be sure to attach your Forms W-2 to your Form 540NR.

Complete the following worksheet to figure the amount to enter on line 50. If you are married and file a joint return, you must figure the amount of excess SDI (or VPD) **separately for each spouse**.

	You	Your Spouse
1. Add amounts of SDI (or VPD) withheld shown on your Forms W-2. Enter the total here . . . . . <b>1</b>		
2. 1998 SDI (or VPD) limit . . . . . <b>2</b>	\$158.84	\$158.84
3. Excess SDI (or VPD) withheld. Subtract line 2 from line 1. Enter the result here and on Form 540NR, line 50 <b>3</b>		

**Note:** If zero or less, enter -0- on line 50.

**Step 9****Overpaid Tax or Tax Due**

To avoid a delay in the processing of your return, be sure you enter the correct amounts on line 52 through line 55.

**Line 52 – Overpaid Tax**

If the amount on line 51 is more than the amount on line 46, subtract the amount on line 46 from the amount on line 51. Enter the result on line 52. Your payments and credits are more than your tax.

**Line 53 – Amount You Want Applied to Your 1999 Estimated Tax**

You may apply all or part of the amount on line 52 to your 1999 estimated tax. Enter on line 53 the amount of line 52 you want applied to 1999.

**Line 54 – Overpaid Tax Available This Year**

If you entered an amount on line 53, subtract it from the amount on line 52. Enter the result on line 54. You may have this entire amount refunded to you or you may make contributions to the California Seniors Special Fund or make voluntary contributions from this amount. If you make a contribution, skip line 55 and go to the instructions for "Step 10."

**Line 55 – Tax Due**

If the amount on line 51 is less than the amount on line 46, subtract the amount on line 51 from the amount on line 46. Enter the result on line 55. Your tax is more than your payments and credits.

There is a penalty for not paying enough tax during the year. You may have to pay a penalty if:

- The tax due on line 55 is \$200 or more (\$100 or more if married filing separate); and
- The amount of state income tax withheld on line 47 is less than 80% of the amount of your total tax on line 46.

If you owe a penalty, the Franchise Tax Board will compute the penalty and send you a bill.

You may make contributions to the California Seniors Special Fund or make voluntary contributions by adding them to the tax due. You must pay the full amount of tax due, including contributions, when you file your Form 540NR.

**Step 10**

**Contributions**

You may make contributions in whole-dollar amounts only. If you make one or more contributions, you must complete "Step 10." You may contribute to only the following funds and cannot change the amount you contributed after the return is filed.

If you have overpaid tax available on line 54, the amount you contribute must be subtracted from your overpaid tax available. If you have tax due on line 55, your total contributions must be added to your tax due.

**Line 56 – Contribution to California Seniors Special Fund**

If you or your spouse claim the senior exemption credit on line 9, you may each make a contribution of up to \$70 to the California Seniors Special Fund. Your contribution will be used to support the work of the area Agency on Aging Council of California in its role as an advocate for California seniors. All contributions over those needed for this work will be used to provide direct services to seniors such as meals, adult day care and transportation. The actual use of the funds will be determined at the local level by the area Agency on Aging, its Advisory Council of Seniors and the senior community.

Use the worksheet below to figure your contribution.

1. If you contribute, enter \$70; if you and your spouse contribute, enter \$140 **1** \_\_\_\_\_
2. Enter the ratio from Form 540NR, line 25a . . . . . **2** \_\_\_\_\_
3. Contribution amount. Multiply line 1 by line 2. Enter the result (rounded to the nearest whole dollar) here . . . . . **3** \_\_\_\_\_

You may contribute any amount up to the amount on line 3. Enter your contribution on line 56.

**Voluntary Contributions**

You may make voluntary contributions of \$1 or more in whole dollar amounts.

**Line 57 – Alzheimer's Disease/Related Disorders Fund**

Contributions entered on line 57 will be used to conduct a program for researching the cause and cure of Alzheimer's disease and related disorders and research into the care and treatment of persons suffering from dementing illnesses.

**Line 58 – California Fund for Senior Citizens**

Contributions entered on line 58 will be used by the California Fund for Senior Citizens which supports direct services to seniors and the work of the California Senior Legislature. The California Senior Legislature is non-partisan, volunteer, grass roots body of seniors 60 years of age or older, elected by their peers. The California

Senior Legislature has been instrumental in creating and steering senior legislation through the regular legislature; legislation, such as: Alzheimer Studies and Research; Adult Day Health Care Centers; nutrition centers; respite care; long term care; the funding and broadening of In Home Support Services; programs to abolish abuse of seniors; skilled nursing facility reforms; and many more. All donations over those needed to carry out the California Senior Legislature's work, will be distributed for direct services to needy seniors.

**Line 59 – Rare and Endangered Species Preservation Program**

Contributions entered on line 59 will help to protect and conserve California's many threatened and endangered species and the wild lands that they need to survive, for the enjoyment and benefit of you and future generations of Californians.

**Line 60 – State Children's Trust Fund for the Prevention of Child Abuse**

Contributions entered on line 60 will be used to fund programs for the prevention, intervention and treatment of child abuse and neglect.

**Line 61 – California Breast Cancer Research Fund**

Contributions entered on line 61 will be used to conduct research relating to the prevention, screening, cure and treatment of breast cancer.

**Line 62 – California Firefighters' Memorial Fund**

Contributions entered on line 62 will be used for the construction of a memorial on the grounds of the State Capitol honoring the hundreds of firefighters who have died protecting our neighborhoods, our homes, our families and our dreams. These brave men and women answered the call when fire alarms sounded or when paramedic services were needed, and their sacrifices and the sacrifices of their families deserve to be remembered.

**Line 63 – California Public School Library Protection Fund**

Contributions entered on line 63 will be expended for the purchase of books and other library resources through grants awarded for implementing a school library improvement plan.

**Line 64 – D.A.R.E. California (Drug Abuse Resistance Education) Fund**

Contributions entered on line 64 will be used to support local D.A.R.E. programs and provide proven effective, in-classroom anti-drug, anti-gang and anti-violence education for California school children.

**Line 65 – California Military Museum Fund**

Contributions entered on line 65 will be used to support the museum's effort to: 1) collect, exhibit, and preserve California's military history from 1775 to date; 2) assist in educating the general public, especially school children, about our American military heritage and thus instill pride therein; 3) recognize all branches of the U.S. Armed Forces and the contributions of ethnicities and their members throughout our proud military history; and 4) maintain and operate the facilities required.

**Line 66 – California Mexican American Veterans' Memorial**

Contributions entered on line 66 will be used to pay for the construction, beautification, enhancement, maintenance or repair of the California Mexican American Veterans' Memorial.

**Line 67 – Emergency Food Assistance Program Fund**

Contributions entered on line 67 will help local food banks feed California's hungry. Your contribution will fund the purchase of much-needed food for delivery to food banks, pantries and soup kitchens throughout the state. The State Department of Social Services will monitor its distribution to ensure the food is given to those most in need.

**Line 68 – Total Contributions**

Add line 56 through line 67. Enter the result on line 68. If you show an amount on line 54, you must subtract the amount you contribute from the amount of overpaid tax. If you show an amount on line 55, you must add your total contributions to your tax due.

**Step 11****Refund or Amount You Owe**

Be sure to add or subtract correctly to figure the amount of your refund or the amount you owe.

**Line 69 – Refund or No Amount Due**

If you did not enter an amount on line 68, enter the amount from line 54 on line 69. This is the amount that will be refunded to you. If this amount is less than \$1, you must attach a written request to your Form 540NR requesting the refund.

If you entered an amount on line 68, subtract it from the amount on line 54. If the result is zero or more, enter it on line 69. Then skip to the instructions for line 71.

If the result is less than zero, your contributions are more than your overpaid tax available on line 54. In this case, do not enter an amount on line 69. Instead, enter the result on line 70 and see the instructions for line 70.



**Want a fast refund?** Get your refund within 7 to 10 calendar days (or within 5 to 7 banking days with direct deposit!). E-file your return!

**Line 70 – Amount You Owe**

If you did not enter an amount on line 68, enter the amount from line 55 on line 70. This is the amount you owe with your Form 540NR.

If you entered an amount on line 68, add that amount to the amount on line 55. Enter the result on line 70. This is the amount you owe with your Form 540NR.

- Make your check or money order payable to the "Franchise Tax Board" for the full amount you owe. Do not send cash. Be sure to write your social security number and "1998 Form 540NR" on your check or money order; and
- Attach your check or money order to your return. See "Assembling your return" on page 6.

A penalty may be imposed for a check returned by your bank for insufficient funds. To avoid a late filing penalty, file your return by the due date even if you cannot pay the amount you owe.

Do not combine your 1998 tax payment and any 1999 estimated tax payment in the same check. You must send two separate checks and mail the checks in separate envelopes to different addresses.

If you cannot pay the full amount shown on line 70 with your return, you may request to make monthly payments. See "Installment Payments" on page 5.

**Step 12****Interest & Penalties**

If you file your return or pay your tax after the original due date, you may owe interest and penalties on the tax due.

**Note:** Do not reduce the amount on line 52 or increase the amount on line 55 by any penalty or interest amounts.

**Line 71 – Interest and Penalties**

Enter on line 71 the amount of interest and penalties included in your payment.

**Interest.** Interest will be charged on any late filing or late payment penalty from the original due date of the return to the date paid. In addition, if other penalties are

not paid within 15 days, interest will be charged from the date of the billing notice until the date of payment. Interest compounds daily and the interest rate is adjusted twice a year.

**Late Filing of Return.** The maximum total penalty is 25% of the tax not paid if the return is filed after October 15, 1999. The minimum penalty for filing a return more than 60 days late is \$100 or 100% of the balance of tax due, whichever is less.

**Late Payment of Tax.** The penalty is 5% of the tax not paid when due plus  $\frac{1}{2}\%$  for each month, or part of a month, the tax remains unpaid.

**Other Penalties.** Other penalties can be imposed for a check returned for insufficient funds, negligence, substantial understatement of tax and fraud.

**Line 72 – Underpayment of Estimated Tax**

You may owe a penalty if:

- Line 55 is \$200 (\$100 if married filing separate) or more and more than 20% of the tax shown on line 43 (excluding the tax on lump-sum distributions on line 26), or
- You underpaid your 1998 estimated tax liability for any payment period.

The Franchise Tax Board can figure the penalty for you when you file your return and send you a bill. Or, to see if you owe any penalty and to figure the amount of the penalty, get form FTB 5805, Underpayment of Estimated Tax by Individuals and Fiduciaries (or form FTB 5805F, Underpayment of Estimated Tax by Farmers and Fishermen). If you complete one of these forms, enter the amount of the penalty on line 72 and check the box at line 72. You must complete and attach the form if you claim a waiver, use the annualized income installment method or pay tax according to the schedule for farmers and fishermen even if you do not owe a penalty.

See "Estimated tax payments" on page 3 for more information on how to avoid the penalty.

**Line 73 – 1999 Tax Forms**

If your Form 540NR is prepared by someone else, or if you do not need forms mailed to you next year, check the box at line 73.

**Sign Your Return**

You must sign your return in the space provided on Side 2. If you file a joint return, your spouse must sign it also.

**Paid Preparer's Information.** If you pay a person to prepare your Form 540NR, that person must sign and complete the area at the bottom of Side 2. A paid preparer must give you two copies of your return: one to file with the Franchise Tax Board, and one to keep for your records.

**Attachments and Mailing Address.** See page 6.

**Check Your Social Security Number(s).** Make sure that you have written your social security number(s) in the spaces provided at the top of Form 540NR in "Step 1a."

**Keep a Copy of Your California Income Tax Return.** The Franchise Tax Board may request information from you regarding your California income tax return within the California statute of limitations period, which is usually the later of four years from the due date of the return or from the date the return is filed. Keep a copy of your return and the records that verify the income, deductions, adjustments or credits reported on your return. Some records should be kept longer. For example, keep property records as long as they are needed to figure the basis of the original or replacement property.

# Nonrefundable Renter's Credit Qualification Record

Answering the questions below will determine if you qualify to claim the nonrefundable renter's credit.

**Keep This For Your Records. DO NOT MAIL IT TO THE FRANCHISE TAX BOARD.**

- 1 Were you a resident<sup>1</sup> of California for at least 6 full months in 1998?  
**YES.** Go to the next question. **NO.** Stop here. You do not qualify for this credit.
- 2 Is the amount on Form 540NR, line 17, \$25,000 or less if single or married filing separate; or \$50,000 or less if married filing joint, head of household or qualifying widow(er)?  
**YES.** Go to the next question. **NO.** Stop here. You do not qualify for this credit.
- 3 Did you pay rent, for at least half of 1998, on property (including a mobile home that you owned on rented land) in California which was your principal residence?  
**YES.** Go to the next question. **NO.** Stop here. You do not qualify for this credit.
- 4 Did you live with any other person (such as your parent) for more than half the year who claimed you as a dependent in 1998, or are you a minor living with and under the care of a parent, foster parent or legal guardian?  
**NO.** Go to the next question. **YES.** Stop here. You do not qualify for this credit.
- 5 Was the property you rented exempt<sup>2</sup> from property tax in 1998?  
**NO.** Go to the next question. **YES.** Stop here. You do not qualify for this credit.
- 6 Did you or your spouse claim the homeowner's property tax exemption<sup>3</sup> anytime during 1998?  
**NO.** Skip question 7 and answer question 8 through question 10. **YES.** Go to question 7.
- 7 Did you and your spouse maintain separate residences for the entire year in 1998?  
**YES.** The spouse that answered "yes" to question 6 may not claim this credit. If the other spouse alone could have answered "no" to question 6, that person qualifies for the credit and should complete questions 8, 9, and 10.  
**NO.** Stop here. You do not qualify for this credit.
- 8 List the street address(es) of residence(s) you rented in California during 1998 which qualified you for this credit.  
Do not list post office boxes.

Street Address

City, State and ZIP Code

Dates Rented in 1998  
(From \_\_\_ to \_\_\_)

a \_\_\_\_\_  
b \_\_\_\_\_

- 9 List the name, address and telephone number of your landlord(s) or the person(s) to whom you paid rent for the residence(s) listed in question 8.

Name

Street Address

City, State and ZIP Code

Telephone Number

a \_\_\_\_\_  
b \_\_\_\_\_

- 10 Use the following chart to find the amount of your credit based on the number of full months you were a resident of California in 1998. Enter the amounts here and follow the instructions below the chart . . . . . 10 \_\_\_\_\_

Number of full months you were a resident of California in 1998							
	6	7	8	9	10	11	12
Single or married filing separate <sup>4</sup>	\$30	\$35	\$40	\$45	\$50	\$55	File Form 540
Married filing joint, head of household or qualifying widow(er)	\$60	\$70	\$80	\$90	\$100	\$110	File Form 540

**If this credit is the only special credit you are claiming,** also enter this amount on Form 540NR, line 40.

**If you are claiming other special credits in addition to this credit,** go to "Step 6" of the instructions for Form 540NR and answer Question 1 through Question 5.

<sup>1</sup> **Military personnel.** If you are not a legal resident of California, you do not qualify for this credit. However, your spouse may claim this credit if he or she was a resident, did not live in military housing during 1998 and is otherwise qualified. If your spouse was a part-year resident, he or she must file Form 540NR.

<sup>2</sup> **Property exempt from property taxes.** You do not qualify for this credit if, for more than half of the year, you rented property that was exempt from property taxes. Exempt property includes most government-owned buildings, church-owned parsonages, college dormitories and military barracks. However, if you or your landlord paid possessory interest taxes for the property you rented, then you may claim this credit.

<sup>3</sup> **Homeowner's property tax exemption.** You do not qualify for this credit if you or your spouse received a homeowner's property tax exemption at any time during the year. However, if you lived apart from your spouse for the entire year and your spouse received a homeowner's property tax exemption for a separate residence, then you may claim this credit if you are otherwise qualified.

<sup>4</sup> **Married filing separate returns.** If you and your spouse file separate returns, lived in the same rental property and both qualify for this credit, one spouse may claim the full amount of this credit (\$120), or each spouse may claim half of the amount (\$60 each).

1998

# California Adjustments — Nonresidents or Part-Year Residents

CA (540NR)

**Important:** Attach this schedule directly behind Form 540NR, Side 2.

Name(s) as shown on return

Social security number

**Part I** Residency Information. You must complete all lines that apply to you and your spouse.

	During 1998:	Before 1998:
1	I was in the military and I was: domiciled in (enter state) . . . . . stationed in (enter state or country) . . . . .	
2	I became a California resident (enter state of prior residence and date of move) . . . . .	
3	I became a nonresident (enter new state of residence and date of move) . . . . .	
4	I was a nonresident of California the entire year (enter state or country of residence) . . . . .	
5	The number of days I spent in California (for <b>any</b> purpose) is: . . . . .	
6	I owned a home/property in California (enter "yes" or "no") . . . . .	
7	I was a California resident for the period of (enter dates) . . . . .	
8	I entered California on (enter date) . . . . .	
9	I left California on (enter date) . . . . .	

**Part II** Income Adjustment Schedule

Section A — Income	A Federal Amounts (taxable amounts from your federal return)	B Subtractions See instructions	C Additions See instructions	D Total Amounts Using CA Law (subtract column B from column A; add column C to the result)	E CA Amounts (income earned or received as a CA resident and income earned or received from CA sources as a nonresident)
7 Wages, salaries, tips, etc. See instructions before making an entry in column B or C	7				
8 Taxable interest income . . . . .	8				
9 Ordinary dividends . . . . .	9				
10 State tax refund. Enter the same amount in column A and column B. . . . .	10				
11 Alimony received . . . . .	11				
12 Business income or (loss) . . . . .	12				
13 Capital gain or (loss) . . . . .	13				
14 Other gains or (losses) . . . . .	14				
15 Total IRA distributions. See instructions. (a) . . . . . (b) . . . . .	(b)				
16 Total pensions and annuities. See instructions. (a) . . . . . (b) . . . . .	(b)				
17 Rental real estate, royalties, partnerships, S corporations, trusts, etc. . . . .	17				
18 Farm income or (loss) . . . . .	18				
19 Unemployment compensation . . . . .	19				
20 Social security benefits (a) . . . . . (b) . . . . .	(b)				
21 Other income. a California lottery winnings b Disaster loss carryover from FTB 3805V c Federal NOL (Form 1040, line 21) d NOL carryover from FTB 3805V e NOL from FTB 3805Z, FTB 3806 or FTB 3807 f Other (describe) . . . . .	21	a b c d e f	a b c d e f	21	21
22a <b>Total:</b> Combine line 7 through line 21 in each column. Continue to Side 2. . . . .	22a				

## Income Adjustment Schedule

	A	B	C	D	E
Section B — Adjustments to Income	Federal Amounts (taxable amounts from your federal return)	Subtractions See instructions	Additions See instructions	Total Amounts Using CA Law (subtract column B from column A; add column C to the result)	CA Amounts (income earned or received as CA resident and income earned or received from CA sources as a nonresident)
<b>22b</b> Enter totals from Schedule CA (540NR), Side 1, line 22a, column A through column E . . . . . <b>22b</b>					
<b>23</b> IRA deduction . . . . . <b>23</b>					
<b>24</b> Student loan interest deduction . . . . . <b>24</b>					
<b>25</b> Medical savings account deduction . . . . . <b>25</b>					
<b>26</b> Moving expenses . . . . . <b>26</b>					
<b>27</b> One-half of self-employment tax . . . . . <b>27</b>					
<b>28</b> Self-employed health insurance deduction <b>28</b>					
<b>29</b> Keogh/self-employed SEP/SIMPLE plans. <b>29</b>					
<b>30</b> Penalty on early withdrawal of savings . . <b>30</b>					
<b>31a</b> Alimony paid. <b>(b)</b> Enter recipient's: SSN _____ Full name _____ <b>31a</b>					
<b>32</b> Add line 23 through line 31a in each column, A through E . . . . . <b>32</b>					
<b>33</b> <b>Total.</b> Subtract line 32 from line 22b in each column, A through E . . . . . <b>33</b>					
<b>34</b> Ratio. Divide line 33, column E by line 33, column D. Carry the decimal to five places. Then round it to four places by dropping amounts 4 and under (.44454 becomes .4445) and rounding up to the next number for amounts 5 and over (.44455 becomes .4446). This number may be greater than 1.0000. Enter the result here and on Form 540NR, line 25a. Note: If the result is zero or less, enter -0- on Form 540NR, line 25a . . . . . <b>34</b> _____					

**Part III Adjustments to Federal Itemized Deductions**

<b>35</b> Federal itemized deductions. Add the amounts on federal Schedule A (Form 1040), lines 4, 9, 14, 18, 19, 26, and 27 (or Schedule A (Form 1040NR), lines 3, 7, 8, 15 and 16) . . . . . <b>35</b> _____	
<b>36</b> Enter total of federal Schedule A, line 5 (state and local income tax <b>and</b> State Disability Insurance) and line 8 (foreign taxes <b>only</b> ) . . . . . <b>36</b> _____	
<b>37</b> Subtract line 36 from line 35 . . . . . <b>37</b> _____	
<b>38</b> Other adjustments including California lottery losses. See instructions. Specify _____ <b>38</b> _____	
<b>39</b> Combine line 37 and line 38 . . . . . <b>39</b> _____	
<b>40</b> California itemized deductions	
Is your federal AGI (Form 540NR, line 13) more than the amount shown below for your filing status?	Is the amount you entered on line 40 more than your standard deduction below?
If single or married filing separate . . . . \$116,777	Single or married filing separate . . . . . \$2,642
If head of household . . . . . \$175,166	Married filing joint, head of household or qualifying widow(er). . . . . \$5,284
If married filing joint or qualifying widow(er) . . . . . \$233,556	
<b>NO.</b> Transfer the amount on line 39 to line 40.	<b>YES.</b> Transfer the amount on line 40 to Form 540NR, line 18.
<b>YES.</b> Complete the Itemized Deductions Worksheet in the instructions for Schedule CA (540NR), line 40.	<b>NO.</b> Enter your <b>standard deduction</b> on Form 540NR, line 18.

**1998**

# California Adjustments — Nonresidents or Part-Year Residents

**CA (540NR)****Important:** Attach this schedule directly behind Form 540NR, Side 2.

Name(s) as shown on return

Social security number

**Part I** Residency Information. You must complete all lines that apply to you and your spouse.

	During 1998:	Before 1998:
1	I was in the military and I was: domiciled in (enter state) . . . . . stationed in (enter state or country) . . . . .	
2	I became a California resident (enter state of prior residence and date of move) . . . . .	
3	I became a nonresident (enter new state of residence and date of move) . . . . .	
4	I was a nonresident of California the entire year (enter state or country of residence) . . . . .	
5	The number of days I spent in California (for <b>any</b> purpose) is: . . . . .	
6	I owned a home/property in California (enter "yes" or "no") . . . . .	
7	I was a California resident for the period of (enter dates) . . . . .	
8	I entered California on (enter date) . . . . .	
9	I left California on (enter date) . . . . .	

**Part II** Income Adjustment Schedule

Section A — Income	A Federal Amounts (taxable amounts from your federal return)	B Subtractions See instructions	C Additions See instructions	D Total Amounts Using CA Law (subtract column B from column A; add column C to the result)	E CA Amounts (income earned or received as a CA resident and income earned or received from CA sources as a nonresident)
7 Wages, salaries, tips, etc. See instructions before making an entry in column B or C	7				
8 Taxable interest income . . . . .	8				
9 Ordinary dividends . . . . .	9				
10 State tax refund. Enter the same amount in column A and column B. . . . .	10				
11 Alimony received . . . . .	11				
12 Business income or (loss) . . . . .	12				
13 Capital gain or (loss) . . . . .	13				
14 Other gains or (losses) . . . . .	14				
15 Total IRA distributions. See instructions. (a) . . . . . (b) . . . . .	(b)				
16 Total pensions and annuities. See instructions. (a) . . . . . (b) . . . . .	(b)				
17 Rental real estate, royalties, partnerships, S corporations, trusts, etc. . . . .	17				
18 Farm income or (loss) . . . . .	18				
19 Unemployment compensation . . . . .	19				
20 Social security benefits (a) . . . . . (b) . . . . .	(b)				
21 Other income. a California lottery winnings b Disaster loss carryover from FTB 3805V c Federal NOL (Form 1040, line 21) d NOL carryover from FTB 3805V e NOL from FTB 3805Z, FTB 3806 or FTB 3807 f Other (describe) . . . . .	21	a b c d e f	a b c d e f	21	21
22a <b>Total:</b> Combine line 7 through line 21 in each column. Continue to Side 2. . . . .	22a				

## Income Adjustment Schedule

	A	B	C	D	E
Section B — Adjustments to Income	Federal Amounts (taxable amounts from your federal return)	Subtractions See instructions	Additions See instructions	Total Amounts Using CA Law (subtract column B from column A; add column C to the result)	CA Amounts (income earned or received as CA resident and income earned or received from CA sources as a nonresident)
<b>22b</b> Enter totals from Schedule CA (540NR), Side 1, line 22a, column A through column E . . . . . <b>22b</b>					
<b>23</b> IRA deduction. . . . . <b>23</b>					
<b>24</b> Student loan interest deduction . . . . . <b>24</b>					
<b>25</b> Medical savings account deduction . . . . . <b>25</b>					
<b>26</b> Moving expenses . . . . . <b>26</b>					
<b>27</b> One-half of self-employment tax . . . . . <b>27</b>					
<b>28</b> Self-employed health insurance deduction <b>28</b>					
<b>29</b> Keogh/self-employed SEP/SIMPLE plans. <b>29</b>					
<b>30</b> Penalty on early withdrawal of savings . . <b>30</b>					
<b>31a</b> Alimony paid. <b>(b)</b> Enter recipient's: SSN _____ Full name _____ <b>31a</b>					
<b>32</b> Add line 23 through line 31a in each column, A through E . . . . . <b>32</b>					
<b>33</b> <b>Total.</b> Subtract line 32 from line 22b in each column, A through E . . . . . <b>33</b>					
<b>34</b> Ratio. Divide line 33, column E by line 33, column D. Carry the decimal to five places. Then round it to four places by dropping amounts 4 and under (.44454 becomes .4445) and rounding up to the next number for amounts 5 and over (.44455 becomes .4446). This number may be greater than 1.0000. Enter the result here and on Form 540NR, line 25a. Note: If the result is zero or less, enter -0- on Form 540NR, line 25a . . . . . <b>34</b> _____					

**Part III Adjustments to Federal Itemized Deductions**

<b>35</b> Federal itemized deductions. Add the amounts on federal Schedule A (Form 1040), lines 4, 9, 14, 18, 19, 26, and 27 (or Schedule A (Form 1040NR), lines 3, 7, 8, 15 and 16) . . . . . <b>35</b> _____	
<b>36</b> Enter total of federal Schedule A, line 5 (state and local income tax <b>and</b> State Disability Insurance) and line 8 (foreign taxes <b>only</b> ) . . . . . <b>36</b> _____	
<b>37</b> Subtract line 36 from line 35 . . . . . <b>37</b> _____	
<b>38</b> Other adjustments including California lottery losses. See instructions. Specify _____ <b>38</b> _____	
<b>39</b> Combine line 37 and line 38 . . . . . <b>39</b> _____	
<b>40</b> California itemized deductions	
Is your federal AGI (Form 540NR, line 13) more than the amount shown below for your filing status?	Is the amount you entered on line 40 more than your standard deduction below?
If single or married filing separate . . . . \$116,777	Single or married filing separate . . . . . \$2,642
If head of household . . . . . \$175,166	Married filing joint, head of household or qualifying widow(er). . . . . \$5,284
If married filing joint or qualifying widow(er) . . . . . \$233,556	
<b>NO.</b> Transfer the amount on line 39 to line 40.	<b>YES.</b> Transfer the amount on line 40 to Form 540NR, line 18.
<b>YES.</b> Complete the Itemized Deductions Worksheet in the instructions for Schedule CA (540NR), line 40.	<b>NO.</b> Enter your <b>standard deduction</b> on Form 540NR, line 18.



# Instructions for Schedule CA (540NR)

These instructions are based on the Internal Revenue Code (IRC) as of **January 1, 1998**, and the California Revenue and Taxation Code (R&TC).

## General Information

### Differences Between California and Federal Law

In general, California tax law conforms to the Internal Revenue Code (IRC) as of January 1, 1998. However, there are continuing differences between California and federal tax law. California has not conformed to the changes made to the IRC by the federal Internal Revenue Service (IRS) Restructuring and Reform Act of 1998 (Public Law 105-206) and the Tax and Trade Relief Extension Act of 1998 (Public Law 105-277).

California law is different from federal law in the following areas:

**IRC Section 179 expense deduction.** The California maximum deduction is \$16,000; the federal maximum deduction is \$18,500. In many cases, this difference also affects the California basis and depreciation deduction for qualifying assets. Use form FTB 3885A, Depreciation and Amortization Adjustments, to figure the adjustment.

**IRC Section 197 property.** Property qualifying as Section 197 property for federal purposes is also Section 197 property for California purposes. However, for qualifying property acquired before January 1, 1994, the California adjusted basis as of January 1, 1994, must be amortized over the remaining federal amortization period. Use form FTB 3885A to figure the adjustment.

**Material participation in rental real estate activities.** Beginning in 1994, and for federal purposes only, rental real estate activities conducted by persons in a real property business are not automatically treated as passive activities. Get form FTB 3801, Passive Activity Loss Limitations, for more information.

**Excluded gain on the sale of qualified small business stock held for more than 5 years.** Get FTB Pub. 1001, Supplemental Guidelines to California Adjustments.

**Roth IRAs.** See instructions for Column B and Column C, line 15.

**Self-employed health insurance deduction.** The California deduction for health insurance costs of self-employed individuals is 40%; the federal deduction is 45%. See the instructions for Column B and Column C, line 28.

## Purpose

Use this schedule to identify income being taxed by California; and to compute the ratio of your **California adjusted gross income (AGI) to total AGI from all sources using California law**; and to adjust your federal itemized deductions using California law. The parts of the ratio are defined as follows:

- **Total AGI from all sources using California law** is all of your income from all sources, including income from inside and outside California. You compute it by adjusting federal AGI for the differences between federal and California law.
- **California AGI is:**
  - ◆ All income from all sources (inside and outside California) for any part of the year

during which you were a California resident; and

- ◆ All income from California sources while you were a nonresident of California.

Once you compute the ratio, you transfer it to Form 540NR to determine your California nonresident or part-year resident tax liability.

## Specific Line Instructions for PART I Residency Information

Answer all the questions in this part for you and your spouse. If a question does not apply, please enter "NA" on the line for the answer. It may be helpful to get FTB Pub. 1031, Guidelines for Determining Resident Status, for more information.

### Line 1 – I was in the military

If either spouse was in the military, your state of domicile is generally the state where you were living when you first entered the military.

### Line 5 – The number of days I spent in CA

The total number of days in California should include all days in California for any purpose including residency, business and vacation.

## Specific Line Instructions for PART II Income Adjustment Schedule

### Column A – Federal Amounts

Enter all taxable amounts shown on your federal return on the corresponding lines in column A.

If you are married filing separate under either exception described in the instructions for Form 540NR and are filing a separate California return, enter in column A the amounts you would have reported on a separate federal return. Attach a statement to the return showing how the income and expenses were split between you and your spouse.

### Line 7 through Line 21

Enter on line 7 through line 21 the same amounts you entered on your federal Form 1040, line 7 through line 21 (or on your Form 1040A, line 7 through line 13b; your Form 1040EZ, line 1, line 2 and line 3; or your Form 1040NR, line 8 through line 21 for the same types of income).

Also enter the following if applicable:

- The total IRA distribution received on line 15(a);
- The total pension or annuity distribution received on line 16(a); and
- The total social security retirement benefit received on line 20(a).

If you used Form 1040A, refer to line 10a, line 11a and line 13a. If you used Form 1040NR, refer to line 16a and line 17a.

### Line 22a – Total

Combine the amounts on line 7 through line 21. Enter the total on line 22a. This number should be the same as the amount on your federal Form 1040, line 22 (or your Form 1040A, line 14; or your Form 1040EZ, line 4; or your Form 1040NR, line 23).

### Line 22b – Balance Carried Forward

Enter on line 22b the total from Side 1, line 22a, column A.

### Line 23 through Line 30

Enter the same amounts you entered on your federal Form 1040, line 23 through line 30 (or your Form 1040A, line 15 and line 16; or your Form 1040NR, line 24 through line 30).

### Line 31a and Line 31b

Enter on line 31a the same amount you entered on your federal Form 1040, line 31a. Enter on line 31b the social security number and full name of the person to whom you paid alimony.

### Line 32

Add line 23 through line 31a. This amount should be the same as the amount on your federal Form 1040, line 32 (or your Form 1040A, line 17; or your Form 1040NR, line 32). However, if you made any of the adjustments described in the instructions for federal Form 1040, line 32 or if you claimed the foreign housing deduction from federal Form 2555, Foreign Earned Income, or Form 2555-EZ, Foreign Earned Income Exclusion, enter the amount from Form 1040, line 32 on this line.

If you used Form 1040NR and reported an amount on Form 1040NR, line 31 for excluded scholarship and fellowship grants, enter the amount from Form 1040NR, line 32 on this line.

### Line 33 – Total

Subtract line 32 from line 22b. This amount should be the same as the amount on your federal Form 1040, line 33 (or your Form 1040A, line 18; or your Form 1040EZ, line 4; or your Form 1040NR, line 33).

## Column B and Column C – Subtractions and Additions

Use these columns to enter subtractions and additions to federal amounts in column A that are necessary because of the differences between California and federal law. Enter all amounts on line 7 through line 32 as positive numbers.

**Do not** enter in column B or column C income earned outside California during periods of non-residency.

**Note:** If you are a nonresident alien, use column B and column C, to adjust federal AGI to include income from all sources, even if you were not required to report it on your federal return. California does not have special rules limiting total AGI from all sources to U.S. source or effectively connected income of nonresident aliens.

You may need one of the following FTB publications to complete column B and column C:

- 1001, Supplemental Guidelines to California Adjustments;
- 1005, Pension and Annuity Guidelines;
- 1005A, California Treatment of Roth IRA;
- 1031, Guidelines for Determining Resident Status; or
- 1032, Tax Information for Military Personnel.

To order a publication or form, see the back cover of your tax booklet.

### Line 7 – Wages, Salaries, Tips, etc.

Generally, you will not make any adjustments on this line. If you did not receive any of the kinds of

income listed below, make no entry on this line in either column B or column C.

**Active duty military pay.** Special rules apply to active duty military taxpayers. Get FTB Pub. 1032 for more information.

**Ride-sharing benefits or sick pay received under the Federal Insurance Contributions Act and Railroad Retirement Act.** California excludes these items from income. Enter in column B the amount of these benefits included in the amount in column A.

**Income exempted by U.S. tax treaties (unless specifically exempt for state purposes also).**

If you excluded this income from your federal return, enter the excluded amount in column C. If you claimed foreign earned income or housing cost exclusion under IRC Section 911, see the instructions for line 21. Get FTB Pub. 1001 for more information.

**Exclusion for compensation from exercising a California Qualified Stock Option (CQSO).** To be eligible for this exclusion your earned income from the corporation granting the CQSO must be \$40,000 or less; the market value of the options granted to you must be \$100,000 or less; and the total number of shares must be 1,000 or less. If you included in federal income an amount qualifying for this exclusion, enter that amount in column B.

**Employer-provided meals.** If your employer provided meals to you and other employees at the job site for the employer's convenience, you may have to include the value of those meals as a taxable fringe benefit for California purposes. California law has not conformed to the recent federal provision that allows employees to exclude (and employers to deduct) the value of such meals solely because the meals were provided to more than 50% of the employees. Check with your employer if you think that this might apply to you. If it does, enter in column C the amount of these benefits that were excluded for federal tax purposes.

#### Line 8 – Taxable Interest Income

If you did not receive any of the kinds of income listed below, make no entry on this line in either column B or column C. Otherwise, follow the instructions below.

Enter in column B, the interest that you received from:

- U.S. saving bonds (except for interest from series EE U.S. savings bonds issued after 1989 that qualified for the Education Savings Bond Program exclusion);
- U.S. Treasury Bills notes and bonds; and
- Any other bonds or obligations of the United States and its territories.

Get FTB Pub. 1001 if you received interest income from the following sources:

- Loans made in an enterprise zone (EZ), or the Los Angeles Revitalization Zone (LARZ); or
- Items listed above passed through to you from S corporations, trusts, partnerships or limited liability companies (LLCs).

**Do not** make entries in either column B or column C for interest you earned on Federal National Mortgage Association (Fannie Mae) Bonds, Government National Mortgage Association (Ginnie Mae) Bonds, and Federal Home Loan Mortgage Corporations (FHLMC) securities.

Enter in column C, the interest you identified as tax-exempt interest on your federal Form 1040 (or 1040A), line 8b; or Form 1040NR, line 9b which you received from:

- Non-California state bonds;
- Non-California municipal bonds issued by a county, city, town or other local government unit;
- Obligations of the District of Columbia issued after December 27, 1973; and
- Non-California bonds if the interest was passed through to you from S corporations, trusts, partnerships or LLCs.

#### Line 9 – Ordinary dividends

Generally, you will not make an adjustment on this line. However, certain mutual funds are qualified to pay "exempt-interest dividends" if at least 50% of their assets consist of tax-exempt government obligations. The portion of the exempt-interest dividend income that is tax-exempt will be shown on your annual statement from the mutual fund.

If the California exempt-interest amount is more than the federal exempt-interest amount, enter the difference in column B.

Get FTB Pub. 1001 if you received dividend income from:

- Noncash patronage dividends from farmers' cooperatives or mutual associations;
- A federal S corporation that is a California C corporation;
- A controlled foreign corporation;
- Distribution of pre-1987 earnings from S corporations;
- Undistributed capital gains for regulated investment company (RIC) shareholders; or
- Distributed capital gain dividends.

#### Line 10 – State Tax Refund

California does not tax the state income tax refund you received in 1998. Enter in column B, the amount of state tax refund you entered in column A.

#### Line 11 – Alimony Received

If you are a nonresident alien and received alimony that was not included in your federal income, enter the alimony on this line in column C. Otherwise, make no entry on this line.

#### Line 12 – Business Income or (Loss)

You may need to adjust federal business income or loss you reported in column A because of the difference between California and federal law relating to depreciation methods, special credits and accelerated write-offs. As a result, the recovery period or the basis you should use to figure California depreciation may be different from the amount used for federal purposes. Adjustments are figured on form FTB 3885A and are most commonly necessary because of the following:

- **Before January 1, 1987**, California did not allow depreciation under the federal accelerated cost recovery system, and you must continue to figure California depreciation for those assets in the same manner as prior years.
- **On or after January 1, 1987**, California provides special credits and accelerated write-offs that affect the California basis of qualifying assets. Refer to the bulleted list below. Also, California does not conform to certain federal provisions. See the items listed under "General Information."

Use form FTB 3801, Passive Activity Loss Limitations (PALS), to figure the total adjustment for line 12 if you have:

- One or more passive activities that produce a loss; or
- One or more passive activities that produce a loss **and** any nonpassive activity reported on federal Schedule C.

Use form FTB 3885A, Depreciation and Amortization Adjustments, to figure the total adjustment for line 12 if you have:

- Only nonpassive activities which produce either gains or losses (or a combination of gains and losses); or
- Passive activities that produce gains.

Get FTB Pub. 1001 for more information about:

#### Income related to:

- Business, trade or profession carried on within California that is an integral part of a unitary business carried on both within and outside California; or
- Pro-rata share of income received from a controlled foreign corporation by a U.S. shareholder.

#### Basis adjustments related to:

- Property acquired prior to becoming a California resident;
- Sales or use tax credit for property used in an EZ, LARZ, Local Agency Military Base Recovery Area (LAMBRA) or Targeted Tax Area (TTA);
- Reduced recovery periods for fruitbearing grapevines replaced in a California vineyard on or after 1/1/92 as a result of phylloxera infestation;
- Reduced recovery periods for fruit-bearing grapevines replaced in a California vineyard on or after 1/1/97 as a result of Pierce's disease;
- Expenditures for tertiary injectants;
- Certain property placed in service on an Indian reservation after 1/1/94 and before 12/31/2003;
- Amortization of pollution control facilities;
- Discharge of real property business indebtedness;
- Employer-paid child care center and services;
- Employer-paid child care plan;
- Vehicles used in an employer-sponsored ridesharing program;
- An enhanced oil recovery system;
- The cost of making a business accessible to disabled individuals;
- Property for which you received an energy conservation subsidy from a public utility on or after 1/1/95 and before 1/1/97; or
- Research and experimental expenditures.

#### Business expense deductions related to:

- Wages paid in an EZ, LARZ, LAMBRA, Manufacturing Enhancement Area (MEA) or TTA;
- Certain employer costs for employees who are also enrolled members of Indian tribes;
- Abandonment or tax recoupment fees for open-space easements and timberland preserves;
- Club dues or payments made to a club which restricts membership or the use of its services or facilities on the basis of age, sex, race, religion, color, ancestry or national origin;
- Lobbying expenses denied under IRC Section 162;

- Business located in an EZ, LARZ, LAMBRA or TTA;
- Research expense;
- Employer wage expense for the Work Opportunity Credit and Welfare-to-Work Credit;
- Pro-rata share of deductions received from a controlled foreign corporation by a U.S. shareholder;
- Interest paid on indebtedness in connection with company-owned life insurance policies;
- Premiums paid on life insurance policies, annuities or endowment contracts issued after 6/8/97 where the owner of the business is directly or indirectly a policy beneficiary; or
- Meals provided to more than 50% (but less than 100%) of employees on the employment premises for the employer's convenience.

#### Line 13 – Capital Gain or (Loss)

Generally, you will not make any adjustments on this line if you do not have any of the items listed below.

Use Schedule D, California Capital Gain or Loss Adjustment, if you have differences from:

- Gain on the sale of qualified small business stock which qualifies for the gain exclusion under IRC Section 1202.
- Basis amounts resulting from differences between California and federal law in prior years;
- Gain or loss on stock and bond transactions;
- Installment sale gain reported on form FTB 3805E, Installment Sale Income;
- Gain on the sale of personal residence where depreciation was allowable;
- Flow-through gain or loss from partnerships, fiduciaries, S corporations or LLCs; or
- Capital loss carryover from your 1997 California Schedule D.

Get FTB Pub. 1001 for more information about:

- Disposition of S corporation stock acquired before 1987;
- Gain on the sale or disposition of a qualified assisted housing development to low income residents or to specified entities maintaining housing for low income residents;
- Undistributed capital gain for regulated investment company (RIC) shareholders;
- Gain or loss on the sale of property inherited before 1/1/87; or
- Capital loss carrybacks.

#### Line 14 – Other Gains or (Losses)

Generally, you will not make any adjustments on this line. However, the California basis of your other assets may not be the same as the federal basis due to differences between California and federal law. Therefore, you may have to adjust the amount of other gains or losses. Get Schedule D-1, Sales of Business Property, to figure the adjustment.

#### Line 15 – Total IRA Distributions

Generally, you will not make any adjustments on this line. However, there may be significant differences in the taxable amount of a distribution (including a distribution from conversion of a traditional IRA to a Roth IRA), depending on when you made your contributions to the IRA. Differences may also occur if you changed your residency status after you first began making contributions to your IRA or if your California IRA deductions were different from your federal deductions because of differences between California and federal self-employment income.

If the taxable amount using California law is:

- Less than the amount taxable under federal law, enter the difference in column B; or
- More than the amount taxable under federal law, enter the difference in column C.

**Traditional IRA** – Get FTB Pub. 1005 for information and worksheets for figuring the adjustment to enter on this line, if any.

**Roth IRA** – Get FTB Pub. 1005A, California Treatment of Roth IRA, for information about figuring the taxable gain and the California adjustment if you converted a traditional IRA to a Roth IRA.

**Education (Ed) IRA** – If column A includes a taxable distribution from an Ed IRA, you may owe additional tax on that amount. Get form FTB 3805P, Additional Taxes Attributable to IRAs, Other Qualified Retirement Plans, Annuities, Modified Endowment Contracts and MSAs.

#### Line 16 – Total Pensions and Annuities

Generally, you will not make any adjustments on this line. However, if you received tier 2 railroad retirement benefits or partially taxable distributions from a pension plan, you may need to make the adjustments described below.

If you received a federal Form RRB 1099-R for railroad retirement benefits and included all or part of these benefits in taxable income in column A, enter the taxable benefit amount in column B.

If you began receiving a retirement annuity between 7/1/86 and 1/1/87 and elected to use the three-year rule for California purposes and the annuity rules for federal purposes, enter in column C the amount of the annuity payments you excluded for federal purposes.

#### Line 17 – Rental Real Estate, Royalties, Partnerships, S corporations, Trusts, etc.

You may need to adjust federal income or loss you reported in column A because of the difference between California and federal law relating to depreciation methods, special credits and accelerated write-offs. As a result, the recovery period or the basis you should use to figure California depreciation may be different from the recovery period or amount used for federal purposes. For more information about the types of income and adjustments that often require adjustments, see the instructions for Schedule CA (540NR), line 12.

Use form FTB 3801, Passive Activity Loss Limitations (PALS), to figure the total adjustment for line 17 if you have:

- One or more passive activities that produce a loss; or
- One or more passive activities that produce a loss **and** any nonpassive activity reported on federal Schedule E.

Use form FTB 3885A, Depreciation and Amortization Adjustments, to figure the total adjustment for line 17 if you have:

- Only nonpassive activities which produce either gains or losses (or a combination of gains and losses); or
- Passive activities that produce gains.

**Note:** LLCs that are classified as partnerships for California purposes and limited liability partnerships (LLPs) are subject to the same rules as other partnerships. LLCs report distributive items to members on Schedule K-1 (568), Member's Share of Income, Deductions, Credits, etc. LLPs report to partners on Schedule K-1 (565), Partners Share of Income, Deductions, Credits, etc.

Get FTB Pub 1001 for more information about accumulation distributions to beneficiaries for which the trust was not required to pay California tax because the beneficiary's interest was contingent.

#### Line 18 – Farm Income or Loss

You may need to adjust the federal income or loss you report in column A because of the difference between California and federal law relating to depreciation methods, special credits and accelerated write-offs. As a result, the recovery period or the basis you should use to figure California depreciation may be different from the amount used for federal purposes. For more information about the types of income and adjustments that often require adjustments, see the instructions for Schedule CA (540NR), line 12.

Use form FTB 3801, Passive Activity Loss Limitations (PALS), to figure the total adjustment for line 18 if you have:

- One or more passive activities that produce a loss; or
- One or more passive activities that produce a loss **and** any nonpassive activity reported on federal Schedule F.

Use form FTB 3885A, Depreciation and Amortization Adjustments, to figure the total adjustment for line 18 if you have:

- Only nonpassive activities which produce either gains or losses (or a combination of gains and losses); or
- Passive activities that produce gains.

#### Line 19 – Unemployment Compensation

Enter on line 19, column B, the amount of unemployment compensation shown in column A.

#### Line 20 – Social Security Benefits

Enter in column B the amount of social security benefits or equivalent tier 1 railroad retirement benefits shown in column A.

#### Line 21 – Other Income

##### a. California Lottery Winnings

Enter in column B the amount of California lottery winnings included in the federal amount on line 21 in column A.

**Note:** Do not include lottery winnings from other states. They are taxable to California.

##### b. Disaster Loss Carryover from FTB 3805V

If you have a California disaster loss carryover from your 1997 form FTB 3805V, Net Operating Loss (NOL) Computation and NOL and Disaster Loss Limitations, enter that amount as a positive number in column B.

##### c. Federal NOL Deduction from Form 1040, line 21

If the amount on line 21 in column A includes a federal NOL deduction, enter the amount of the federal NOL deduction as a positive number in column C. Get form FTB 3805V to figure the allowable California NOL deduction.

##### d. NOL Carryover from FTB 3805V

The allowable NOL carryover under California law is different from the allowable NOL carryover under federal law. Use form FTB 3805V to figure the allowable California NOL deduction, and enter it as a positive number in column B.

**Note:** If your 1997 form FTB 3805V has both disaster loss carryovers and NOL carryovers, you will need to separately state these two

amounts. See line 21b, for disaster loss carryovers.

**e. NOL Deduction from FTB 3805Z, FTB 3806 or FTB 3807**

Enter in column B the total NOL deduction figured on the following forms.

- FTB 3805Z, Enterprise Zone Deduction and Credit Summary, line 4b; or
- FTB 3806, Los Angeles Revitalization Zone Deduction and Credit Summary, line 4b; or
- FTB 3807, Local Agency Military Base Recovery Area (LAMBRA) Deduction and Credit Summary, line 4b,

**f. Other (describe)**

**Reward from a crime hotline.** Enter in column B the amount of a reward that was authorized by a government agency, that you received from a crime hotline established by a government agency or nonprofit organization and that is included in the amount on line 21 in column A.

**Note:** You may not make this adjustment if you are an employee of the hotline or someone who sponsors rewards for the hotline.

**Payments for alternative transportation (free or subsidized parking, alternative commute methods, monthly transit passes, etc.).** Enter in column B the amount that you received from your employer, other than salaries or wages, for participating in an alternative transportation method and that is included in the amount on line 21 in column A. For more information, get FTB Pub. 1001.

**Federal foreign income or housing exclusion.** Enter in column C the amount deducted from federal income on Form 1040, line 21.

**Beverage container recycling income.** Enter in column B the amount of this type of income that you included in the amount on line 21 in column A.

**Rebates from water agencies or suppliers.** Enter in column B the amount of this type of income that you included in the amount on line 21 in column A.

**Original issue discount (OID) for debt instruments issued in 1985 and 1986.** In the year of sale or other disposition, you must recognize the difference between the amount reported on your federal return and the amount reported for California purposes.

**Issuers:** Enter the difference between the federal deductible amount and the California deductible amount on line 21f in column B.

**Holders:** Enter the difference between the amount included in federal gross income and the amount included for California purposes on line 21f in column C.

**Foreign income of nonresident aliens.** Adjust federal income to reflect worldwide income computed under California law. Enter losses from foreign sources in column B. Enter foreign source income in column C.

**Cost-share payments received by forest landowners.** Enter in column B the cost-share payments received from the Department of Forestry and Fire Protection under the California Forest Improvement Act of 1978 or from the United States Department of Agriculture, Forest Service, under the Forest Stewardship Program and the Stewardship

Incentives Program, pursuant to the Cooperative Forestry Assistance Act.

**Qualified prizes with cash options.** Enter in column C the lump-sum award or the value of an annuity awarded that was not included in federal gross income due to the special rule for cash options for receipt of qualified prizes.

**Line 22a – Total**

Add line 7 through line 21f in column B and column C. Enter the totals on line 22a.

**Line 22b – Balance Carried Forward**

Enter the totals from Side 1, line 22a, column B and column C.

**Line 23 through Line 27**

Do not enter adjustments on these lines. California law is the same as federal law.

**Line 28 – Self-employed Health Insurance Deduction**

California law allows the deduction for self-employed health insurance. If you qualify for the federal deduction, you also qualify for the California deduction. However, the amount of the deduction will be different for California, and you must figure the deduction using the lower California percentage of 40%. Complete the following worksheet to figure your California deduction and to make the necessary adjustment on Schedule CA (540NR):

1. Enter the total amount paid in 1998 for you, your spouse and dependents. Do not include amounts for any month you were eligible to participate in an employer-sponsored plan . . . . . 1 \_\_\_\_\_
2. Multiply line 1 by 40% (.40). . . . . 2 \_\_\_\_\_
3. Enter your net profit and any other earned income from the business under which the insurance plan is established, minus any deductions you claim on Form 1040, line 27 or line 29 (or Form 1040NR, line 29) . . . . . 3 \_\_\_\_\_
4. Enter your federal self-employed health insurance deduction from Form 1040, line 28 (or Form 1040NR, line 28) . . . . . 4 \_\_\_\_\_
5. Enter the smaller of line 2 or line 3 . . . . . 5 \_\_\_\_\_
6. Subtract line 5 from line 4. Enter the result on line 28 in column B . . . . . 6 \_\_\_\_\_

**Line 29 and Line 30**

Do not enter adjustments on these lines. California law is the same as federal law.

**Line 31a – Alimony Paid**

If you are a nonresident alien and you did not deduct alimony on your federal return, enter the amount you paid on this line in column C.

**Line 32**

Add line 23 through line 31a in column B and column C. Enter the totals on this line in the appropriate columns.

If you claimed the foreign housing deduction, include that amount in the total you enter in column B, line 32. Enter the amount and "Form 2555" or "Form 2555-EZ" on the dotted line next to line 32.

**Line 33 – Total**

Subtract line 32 from line 22b in column B and column C. Enter the totals on this line in the appropriate column.

## Column D – Total Amounts Using California Law

Use this column to show the amount remaining after adjustments (subtractions or additions).

For each line, 7 through 33:

1. Subtract the amounts in column B from the amounts in column A.
2. Add the amounts in column C to the result of the calculation made in 1 above.
3. Enter the total in column D.

**Note:** In some cases the total on line 33 in column B or column C will be a negative number. Please read the caution note when you get to line 34.

**Line 21 – Other Income**

If you made any adjustments on line 21 in column B or column C:

- Step 1 Add the adjustments in column B, lines a, b, d, e and f.
- Step 2 Subtract that total from line 21, column A.
- Step 3 Add the adjustments in column C, lines c and f.
- Step 4 Add that total to the result of Step 2; then continue as instructed above for all other lines.

## Column E – California Amounts

In this column, identify the amounts that you earned from all sources while you were a California resident and that you received from sources within California while you were a nonresident.

At the end of this column you will compute the ratio of the California adjusted gross income (line 33, column E) to the adjusted gross income from all sources (line 33, column D). You will use the resulting decimal amount to determine your California tax.

Refer to instructions for each line below to be sure you are including the right amounts.

**Line 7 – Wages, Salaries, Tips, Etc.**

Enter all wages, salaries, tips and other compensation you earned while you were a California resident. And, if you performed work in California while you were a nonresident, include the portion of wages or other compensation earned in California. Airline employees and Interstate Rail and Motor Carrier employees, get FTB Pub. 1031 for more information.

**Line 8 – Taxable Interest Income**

Enter the interest that you received while you were a California resident. For more information, refer to the instructions for column B and column C, line 8.

**Line 9 – Ordinary Dividends**

Enter all dividends you received while you were a California resident. Include dividends you received from federal S corporations that have elected to be treated as C corporations for California tax purposes.

**Line 11 – Alimony Received**

Enter the alimony that you received while you were a California resident.

**Line 12 – Business Income or (Loss)**

Enter the total amount of profits or losses (including PALS) computed using California law from all businesses you conducted while you were a California resident and from all

businesses you conducted in California while you were a nonresident of California.

If, as a nonresident you derived income from a business, trade or profession conducted partly within California and partly outside California, only income from the part conducted within California is considered California source income that you must report on this line in column E. If there is any business relationship between the parts within and outside California (flow of goods, etc.), you must apportion the gross income or loss from the entire business. To determine the portion of income or loss from businesses engaged in multistate activities that you must report in column E, use the apportionment formula described in Schedule R, Apportionment and Allocation of Income.

#### Line 13 – Capital Gain or (Loss)

Complete Schedule D, California Capital Gain or Loss Adjustment, to report all transactions that occurred while you were a California resident **and** those transactions that were related to property located in California while you were a nonresident. Complete Schedule D through line 9 only. Enter the gain from line 8 or the loss from line 9, whichever applies, on this line in column E.

#### Line 15 – Total IRA Distributions (Taxable Amount)

Enter the taxable portion of IRA distributions you received while you were a California resident. This includes regular distributions, premature distributions and any other money or property you received from your IRA account or annuity. The entry you make on line 15 is determined by:

- A change in your residency status during 1998, in the case of traditional IRAs and Roth IRAs; and
- Your residency status at the time you received the distribution, in the case of an Education (Ed) IRA.

**Traditional IRA** – Refer to Pub 1005.

**Roth IRA** (including conversion from traditional IRA to Roth IRA) – Refer to Pub 1005A.

**Ed IRA** – If you reported a taxable Ed IRA distribution in column A, and you were a:

- Resident when you received it, include the entire Ed IRA distribution on line 21, column E. Then get Form FTB 3805P, Additional Taxes Attributable to IRAs, Other Qualified Retirement Plans, Annuities, Modified Endowment Contracts and MSAs, to figure any additional tax due on this amount.
- Nonresident when you received it, enter zero on line 21, column E.

#### Line 16 – Total Pensions and Annuities (Taxable Amount)

Enter the portion of your taxable pension and annuity income you received while you were a resident of California.

#### Line 17 – Rental Real Estate, Royalties, Partnerships, S Corporations, Trusts, Etc.

Enter your 1998 profit or loss (including PALS) from all rents, royalties, partnerships, S corporations, LLCs, estates and trusts that occurred while you were a California resident **and** profit or loss related to property or business located in California while you were a nonresident of California.

If you owned an interest in a partnership, an LLC characterized as a partnership or an S corporation and you were a California resident on the

last day of the partnership's or LLC's taxable year or S corporation's income year, you must include your entire distributive share of the partnership's or LLC's profit or loss or your entire pro-rata share of the S corporation's profit or loss.

If you were a nonresident of California on the last day of the partnership's or LLC's taxable year or S corporation's income year, include the portion of your distributive share of the profit or loss derived from California sources from the partnership or the LLC, or your pro-rata share of the profit or loss derived from California sources from the S corporation.

Your Schedule K-1 (100S, 541 or 565) will indicate the amount of partnership, S corporation, estate, LLC or trust profit or loss that you must include on this line in column E.

#### Line 18 – Farm Income or (Loss)

Enter your profit or loss (including PALS) from all farming activity while you were a California resident **and** for farming activity conducted in California while you were a nonresident of California.

#### Line 21 – Other Income

Enter the amounts derived from California sources or which you accrued, earned or received while you were a California resident that are not included in line 7 through line 18 of column E.

**Medical Savings Account (MSA) Distribution** – If you reported a taxable MSA distribution in column A, the amount you must include on line 21 depends on your residency status at the time you received the distribution. If you were a:

- **Resident**, include the entire MSA distribution on line 21, column E. Then get form FTB 3805P, Additional Taxes Attributable to IRAs, Other Qualified Retirement Plans, Annuities, Modified Endowment Contracts and MSAs, to figure any additional tax due on this amount.
- **Nonresident**, enter zero on line 21, column E.

#### Line 22a – Total

Add line 7 through line 21 in column E. Enter the result on this line.

#### Line 22b – Balance Carried Forward

Enter the total from Side 1, line 22a, column E on this line.

#### Line 23 and Line 29 – IRA, Keogh, SEP and SIMPLE Deduction

The amount of the California deduction for IRA, Keogh, SEP and SIMPLE contributions is the same as the federal deduction. However, the deduction may be limited by your California compensation or by your California self-employment income.

**Example:** A taxpayer moved into California on December 1. She made contributions to her IRA and claimed a deduction of \$2,000 on her federal return. Her California wages were \$500. Her allowable deduction is the lesser of:

- The federal deduction of \$2,000; or
- The California compensation of \$500.

Therefore, she must enter \$500 on line 23 of column E. She will have made no entry in column B or column C.

Keogh and SEP deductions are limited to a percentage of the federal deduction. That percentage is the ratio of:

Self-employment income reported in column E  
= California ratio

Total self-employment income reported in column D

Get FTB Pub. 1005 for more information.

#### Line 25 – Medical Savings Account (MSA) Deduction

The amount of the California deduction for an MSA contribution is the same as the federal deduction. However, it is limited to a percentage of the federal deduction. The percentage is the ratio of:

Compensation\* reported in column E  
= California ratio  
Compensation\* reported in column D

\* Compensation include self-employment income.

Multiply your federal deduction by the California ratio described above and enter the result on line 25, column E.

#### Line 26 – Moving Expenses

California law and federal law are the same for moving expenses. If you moved:

- Into California in connection with your new job, enter the amount from column A, line 26, in column E, line 26.
- Out of California in connection with your new job, enter zero on line 26.

**Exception:** If you moved out of California in connection with your new job and received compensation from that job attributable to a California source, your moving expense adjustment will be limited by the ratio of California source compensation from the new job to total compensation from the new job.

#### Line 27 – One-half of Self-Employment Tax

If you claimed a deduction in column A for self-employment tax paid, your California deduction is limited to a percentage of the federal deduction. That percentage is the ratio of:

Self-employment income reported in column A	Self-employment income reported in column A
from all sources	from CA sources
while a CA resident	while a nonresident

Total self-employment income reported in column A

Multiply your federal deduction by the California ratio described above and enter the result on line 27, column E.

#### Line 28 – Self-Employed Health Insurance Deduction

If you claimed a deduction in column A for payments you made to a health insurance plan while you were self-employed, your California deduction is limited to a percentage of the federal deduction. That percentage is the ratio of:

Total self-employment income reported in column E  
= California ratio

Total self-employment income reported in column D

Multiply your California deduction on line 28, column D by the California ratio described above and enter the result on line 28, column E.

Multiply your California deduction on line 28, column D by the California ratio described above and enter the result on line 28, column E.

### Line 30 – Penalty on Early Withdrawal of Savings

Enter the interest penalties charged to you while you were a California resident.

### Line 31a – Alimony Paid

Enter alimony or separate maintenance payments that you made while you were a California resident.

**Line 32** – Add line 23 through line 31a in column E. Enter the result on this line.

### Line 33 – Total

Subtract line 32 from line 22b in column E. This is your California adjusted gross income (AGI). Enter the result on this line. Also enter this amount on Form 540NR, Side 1, line 20.

### Line 34 – Ratio

$$\text{Ratio} = \frac{\text{California AGI}}{\text{Total AGI from all sources}}$$

Divide the amount on line 33, column E by the amount on line 33, column D. Enter the result on this line and on Form 540NR, Side 1, line 25a.

Also, transfer the amounts from:

- Line 33, column B to Form 540NR, Side 1, line 14;
- Line 33, column C to Form 540NR, Side 1, line 16; and
- Line 33, column E to Form 540NR, Side 1, line 20.

**Caution:** If the amount on Schedule CA (540NR) line 33:

- **Column B** is a negative number, do not transfer it to Form 540NR, line 14. Instead, transfer the amount as a positive number to Form 540NR, line 16; or
- **Column C** is a negative number, do not transfer it to Form 540NR, line 16. Instead, transfer the amount as a positive number to Form 540NR, line 14.

## Specific Line Instructions for PART III Adjustments to Federal Itemized Deductions

### Line 35 – Federal Itemized Deductions

Enter the total amount of itemized deductions from your federal Schedule A, line 4, 9, 14, 18, 19, 26 and 27 or Schedule A (Form 1040NR), line 3, 7, 8, 15 and 16.

**Important:** If you did not itemize deductions on your federal tax return but will itemize deductions on your California return, first complete federal Schedule A. Then complete Schedule CA (540NR), Part III, line 35 through line 40. Attach a copy of federal Schedule A to your Form 540NR.

### Line 36 – State, Local and Foreign Income Taxes

Add the following amounts from federal Schedule A and enter on line 36:

- Line 5, state and local income tax (including limited partnership tax and income or franchise tax paid by corporations) and State Disability Insurance (SDI); and
- Line 8, foreign income taxes.

### Line 38 – Other Adjustments

#### Adoption-related expenses

If you deducted adoption-related expenses on your federal Schedule A and are claiming the adoption cost credit on your Form 540NR, enter the amount of the adoption cost credit claimed as a negative number on line 38.

#### Mortgage Interest Credit

If you reduced your federal mortgage interest deduction by the amount of your mortgage interest credit (from federal Form 8396, Mortgage Interest Credit), be sure to increase your California itemized deductions by the same amount. Enter the amount of your federal mortgage interest credit as a positive number on line 38.

#### Nontaxable Income Expenses

If, on federal Schedule A, you claim expenses related to producing income taxed under federal law but not taxed by California, enter the amount as a negative number on line 38.

You may claim expenses related to producing income taxed by California law but not taxed under federal law by entering the amount as a positive number on line 38.

#### Employee Business Expenses:

If you completed federal Form 2106, Employee Business Expense (or Form 2106-EZ), also complete Form 2106 (or Form 2106-EZ) using California amounts. Specific differences between California and federal law are shown below.

- **Assets placed in service before 1/1/87:** Expenses on assets placed in service before 1/1/87 must be figured under California law; and
- **Federal employees on temporary duty status:** California did not conform to the recent federal provision that expanded temporary duties to include prosecutive duties, in addition to investigative duties. Therefore, travel expenses paid or incurred in connection with temporary duty status (exceeding one year), **involving the prosecution (or support of the prosecution) of a federal crime**, should not be included when completing Form 2106 (or Form 2106-EZ) using California amounts.

Compare line 10 on both Forms 2106 (or line 6 if using Forms 2106-EZ). If the federal amount is larger, enter the difference as a negative number on line 38. If the California amount is larger, enter the difference as a positive number on line 38.

#### Investment Interest Expense

Your California deduction for investment interest expense may be different from your federal deduction. You must use form FTB 3526, Investment Interest Expense Deduction, to figure the amount to enter on line 38.

#### Gambling Losses

California Lottery losses are not deductible for California. Enter the amount of California Lottery losses shown on federal Schedule A as a negative number on line 38.

#### Federal Estate Tax

Federal estate tax paid on income in respect of a decedent is not deductible for California. Enter the amount of federal estate tax shown on federal Schedule A as a negative number on line 38.

#### Generation Skipping Transfer Tax

Tax paid on generation skipping transfers is not deductible under California law. Enter the amount of expenses shown on federal Schedule A as a negative number on line 38.

### Contribution of Appreciated Stock to a Private Foundation

For contributions made during 1998, enter the difference between the fair market value of the stock and the California basis as a negative number on line 38.

### State Legislator's Travel Expenses

Under California law, deductible travel expenses for state legislators include only those incurred while away from their places of residence overnight. Figure the difference between the amount allowed using federal law and the amount allowed using California law. Enter the difference as a negative number on line 38.

### Charitable Contribution Carryover Deduction.

If you are deducting a prior year charitable contribution carryover, and the California carryover is larger than the federal carryover, increase your California itemized deductions by entering the additional amount as a positive number on line 38.

### Line 40 – California Itemized Deductions

Is the amount on Form 540NR, line 13 more than the amount shown below for your filing status?

Single or married

filing separate. . . . . \$116,777

Married filing joint or

qualifying widow(er) . . . . . \$233,556

Head of household . . . . . \$175,166

**NO.** Transfer the amount from line 39 to line 40. Do not complete the worksheet in the next column.

**YES.** Complete the Itemized Deductions Worksheet below.

## Itemized Deductions Worksheet

1. Enter the amount from Schedule CA (540NR), line 39 . . . . . 1 \_\_\_\_\_
2. Using California amounts, add the amounts on federal Schedule A (Form 1040), line 4, line 13 and line 19 plus any gambling losses included on line 27 (or on Schedule A (Form 1040NR), line 8 plus any investment interest expense included on line 11 and any gambling losses included on line 16) . . . . . 2 \_\_\_\_\_
3. Subtract line 2 from line 1.  
**Note:** If the result is -0-, **stop.** Enter the amount from line 1 above on Schedule CA (540NR), line 40 . . . . . 3 \_\_\_\_\_
4. Multiply line 3 by 80% (.80) . . . . . 4 \_\_\_\_\_
5. Enter the amount from Form 540NR, line 13 . . . . . 5 \_\_\_\_\_
6. Enter the amount shown above for your filing status . . . . . 6 \_\_\_\_\_
7. Subtract line 6 from line 5.  
**Note:** If the result is -0- or less, **stop.** Enter the amount from line 1 above on Schedule CA (540NR), line 40 . . . . . 7 \_\_\_\_\_
8. Multiply line 7 by 6% (.06) . . . . . 8 \_\_\_\_\_
9. Compare the amounts on line 4 and line 8. Enter the smaller amount here . . . . . 9 \_\_\_\_\_
10. Total itemized deductions. Subtract line 9 from line 1. Enter the result here and on Schedule CA (540NR), line 40 . . . . . 10 \_\_\_\_\_

**1998 Depreciation and Amortization Adjustments****3885A**

Name(s) as shown on return	Business or activity to which form FTB 3885A relates	Social security number
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**Part I** Identify the activity as passive or nonpassive. See instructions.

- 1 ☐ This form is being completed for a passive activity. ☐ This form is being completed for a nonpassive activity.

**Part II** Election to Expense Certain Tangible Property (IRC Section 179).

2 Enter the amount from line 11 of the worksheet in the instructions 2

Part III Depreciation.	(a) Description of property placed in service during 1998	(b) Date placed in service	(c) California basis for depreciation	(d) Method	(e) Life or rate	(f) 1998 California depreciation deduction
3						

4 Add the amounts on line 3, column (f) 4

5 California depreciation for assets placed in service prior to 1998. 5

6 Total California depreciation from this activity. Add the amounts on line 2, line 4 and line 5 6

7 Total federal depreciation from this activity. Enter depreciation from your federal Form 4562, line 21 7

8 a If line 6 is more than line 7, enter the difference here and see instructions. 8a

b If line 6 is less than line 7, enter the difference here and see instructions 8b

Part IV Amortization.	(a) Description of costs amortizable during 1998	(b) Date placed in service	(c) California basis for amortization	(d) Code section	(e) Period or percentage	(f) 1998 California amortization deduction
9						

10 Total California amortization from this activity. Add the amounts on line 9, column (f) 10

11 California amortization of costs that began before 1998. 11

12 Total California amortization from this activity. Add the amounts on line 10 and line 11 12

13 Total federal amortization from this activity. Enter amortization from your federal Form 4562, line 42 13

14 a If line 12 is more than line 13, enter the difference here and see instructions 14a

b If line 12 is less than line 13, enter the difference here and see instructions 14b

**1998 California Capital Gain or Loss Adjustment****D**

(a) Description of property (identify S corporation stock) Example: 100 shares of "Z" (S stock)	(b) Sales price	(c) Cost or other basis	(d) Loss. If (c) is more than (b), subtract (b) from (c)	(e) Gain. If (b) is more than (c), subtract (c) from (b)
1a				
1b				
2 Net gain or (loss) shown on California Schedule(s) K-1 from partnerships, S corporations, fiduciaries and limited liability companies <span style="float:right">2</span>				
3 Capital gain distributions (federal Form 1099-DIV, box 2a minus box 2d) <span style="float:right">3</span>				
4 Total 1998 gains from all sources. Add column (e) amounts of line 1a, line 1b, line 2 and line 3 <span style="float:right">4</span>				
5 1998 loss. Add column (d) amounts of line 1 and line 2 <span style="float:right">5</span>				
6 California capital loss carryover from 1997, if any. See instructions <span style="float:right">6</span>				
7 Total 1998 loss. Add line 5 and line 6 <span style="float:right">7</span>				
8 Combine line 4 and line 7. If a loss, go to line 9. If a gain, go to line 10 <span style="float:right">8</span>				
9 If line 8 is a loss, enter the smaller of: (a) the loss on line 8; or (b) \$3,000 (\$1,500 if married filing a separate return). See instructions. <span style="float:right">9</span>				
10 Enter the amount from federal Form 1040, line 13 <span style="float:right">10</span>				
11 Enter the California gain from line 8 or loss from line 9 <span style="float:right">11</span>				
12 a If line 10 is more than line 11, enter the difference here and on Sch. CA (540 or 540NR) line 13, col. B <span style="float:right">12a</span>				
b If line 10 is less than line 11, enter the difference here and on Sch. CA (540 or 540NR), line 13, col. C <span style="float:right">12b</span>				

# Instructions for Form FTB 3885A

## Depreciation And Amortization Adjustments

### General Information

California legislation enacted in 1998 conforms California tax law to the Internal Revenue Code (IRC) as of January 1, 1998. However, there are continuing differences between California and federal tax law. California has not conformed to the changes made to the IRC by the Internal Revenue Service (IRS) Restructuring and Reform Act of 1998 (Public Law 105-206) and the Tax and Trade Relief Extension Act of 1998 (Public Law 105-277). Get FTB Pub. 1001, Supplemental Guidelines to California Adjustments, for more information on differences between California and federal law for the following items:

**Expense treatment for small business (IRC Section 179):** The maximum allowed under California law is \$16,000; the maximum allowed under federal law is \$18,500. **Amortization of certain intangibles (IRC Section 197):** Property classified as Section 197 property under federal law is also Section 197 property for California purposes. There is no separate California election required or allowed. However, for Section 197 property acquired before 1/1/94, the California adjusted basis as of 1/1/94, must be amortized over the remaining federal amortization period. **Qualified Indian reservation property:** California has not conformed to the accelerated recovery periods available under the Alternative Depreciation System (ADS) for such property. **Grapevines subject to Phylloxera or Pierce's disease:** For California purposes, replacement grapevines may be depreciated using a recovery period of 5 years instead of 10 years.

### Purpose

Use form FTB 3885A to figure the adjustment for the difference between the amount of depreciation and amortization allowed as a deduction using California law and the amount allowed as a deduction using federal law. California law and federal law have not always allowed the same depreciation methods, special credits or accelerated write-offs. As a result, the recovery periods or the basis on which the depreciation is figured for California may be different from the amounts used for federal purposes. You will probably have reportable differences if all or part of your assets were placed in service:

- **Before 1/1/87.** California did not allow depreciation under the federal accelerated cost recovery system (ACRS), and you must continue to figure California depreciation for those assets in the same manner as in prior years.
- **On or after 1/1/87.** California provides special credits and accelerated write-offs that affect the California basis of qualifying assets. California did not conform to all changes to federal law enacted in 1993, and this causes the California basis or recovery periods to be different for some assets.

Differences may also occur for other less common reasons, and the instructions for Schedule CA (540 or 540NR) list them on the line for the type of income likely to be affected. For example, the instructions for Schedule CA (540 or 540NR), line 12, Business Income, list other adjustments you may need to report on form FTB 3885A if you are a sole proprietor. You may also get FTB Pub. 1001 for more information about figuring and reporting these adjustments.

If you are reporting differences for assets related to a passive activity, get form FTB 3801, Passive Activity Loss Limitations, for more information about passive activities.

Do not use form FTB 3885A to report depreciation expense from federal Form 2106, Employee Business Expenses. See the instructions for Schedule CA (540 or 540NR), line 38.

### Specific Line Instructions

**Note:** Prepare and file a separate form FTB 3885A for each business or activity on your return that has a difference between California and federal depreciation or amortization. Enter the name of the business or activity in the space provided at the top of the form. If you need more space, attach additional sheets. However, complete Part II, Election to Expense Certain Tangible Property (IRC Section 179), only once.

#### Part I Identify the Activity as Passive or Nonpassive

**Line 1** – Check the box to identify the activity as passive or nonpassive. A passive activity is any activity involving the conduct of any trade or business in which you did not materially participate. Get form FTB 3801 for more information.

If the activity is passive, use this form as a worksheet to figure the depreciation adjustment to carry to form FTB 3801. **Caution:** Beginning in 1994, and for federal purposes only, rental real estate activities of persons in real property business are not automatically treated as passive activities. California did not conform to this provision.

#### Part II Election To Expense Certain Tangible Property

You may elect to expense part of the cost of depreciable personal property used in your trade or business and certain other property described in federal Pub. 946, How to Depreciate Property. To do so, you must have purchased property, as defined in the IRC Section 179(d)(2), and placed it in service during 1998, or have a carryover of unused cost from 1997. If you elect this deduction, you must reduce your California depreciable basis by the IRC Section 179 expense. The maximum Section 179 expense allowed under California law is \$16,000.

Complete the worksheet below to figure IRC Section 179 expense for California. Include all assets qualifying for the deduction because the limit applies to all qualifying assets as a group rather than to each asset individually. **Refer to federal Form 4562 for information.**

1	Maximum dollar limitation for California . . . . .	1	\$16,000
2	Enter total cost of Section 179 property placed in service during the tax year . . . . .	2	
3	Threshold cost of Section 179 property before reduction in limitation . . . . .	3	\$200,000
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0- . . . . .	4	
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less enter -0- . . . . .	5	
(a) Description of property		(b) Cost	(c) Elected cost
6			
7	Total elected cost of Section 179 property. Add column (c), line 6 . . . . .		
8	Tentative deduction. Enter the smaller of line 5 or line 7 . . . . .		
9	Carryover of disallowed deduction from 1997 . . . . .		
10	Enter the smaller of business income (not less than -0-) or line 5 . . . . .		
11	Section 179 expense deduction for California. Add line 8 and line 9, but do not enter more than line 10. Also enter the result on FTB 3885A, line 2 . . . . .		
12	Carryover of disallowed deduction to 1999. Add line 8 and line 9. Subtract line 11 from the result . . . . .		

#### Part III Depreciation

**Line 3** – Complete column (a) through column (f) for each tangible asset or group of assets placed in service during the tax year. Be sure to use the California basis for assets on which you elected to take the Section 179 deduction. It will be the difference between line 6, column (b) and line 6, column (c) of the worksheet in Part II.

**Line 8a and Line 8b** – Are you using this form as a worksheet in connection with form FTB 3801?

- Yes.** Enter the amount from line 8a or line 8b on form FTB 3801, Side 2, California Passive Activity Worksheet, column (e).
- No.** Include the amount from line 8a on Schedule CA (540 or 540NR) in column B on line 12 for federal Schedule C activities; on line 17 for federal Schedule E activities; and on line 18 for federal Schedule F activities. Include the amount from line 8b on Schedule CA (540 or 540NR) in column C on line 12 for federal Schedule C activities; on line 17 for federal Schedule E activities; and on line 18 for federal Schedule F activities.

#### Part IV Amortization

**Line 9** – Complete column (a) through column (f) for intangible assets placed in service during the tax year. Be sure to use the California basis and the California recovery period.

**Line 14a and Line 14b** – Are you using this form as a worksheet in connection with form FTB 3801?

- Yes.** Enter the amount from line 14a or line 14b on form FTB 3801, Side 2, California Passive Activity Worksheet, column (e).
- No.** Include the amount from line 14a on Schedule CA (540 or 540NR) in column B on line 12 for federal Schedule C activities; on line 17 for federal Schedule E activities; and on line 18 for federal Schedule F activities. Include the amount from line 14b on Schedule CA (540 or 540NR) in column C on line 12 for federal Schedule C activities; on line 17 for federal Schedule E activities; and on line 18 for federal Schedule F activities.



**1998 Depreciation and Amortization Adjustments****3885A**

Name(s) as shown on return	Business or activity to which form FTB 3885A relates	Social security number
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**Part I** Identify the activity as passive or nonpassive. See instructions.

- 1 ☐ This form is being completed for a passive activity. ☐ This form is being completed for a nonpassive activity.

**Part II** Election to Expense Certain Tangible Property (IRC Section 179).

2 Enter the amount from line 11 of the worksheet in the instructions 2

<b>Part III</b> Depreciation.	(a) Description of property placed in service during 1998	(b) Date placed in service	(c) California basis for depreciation	(d) Method	(e) Life or rate	(f) 1998 California depreciation deduction
3						

4 Add the amounts on line 3, column (f) 4

5 California depreciation for assets placed in service prior to 1998. 5

6 Total California depreciation from this activity. Add the amounts on line 2, line 4 and line 5 6

7 Total federal depreciation from this activity. Enter depreciation from your federal Form 4562, line 21 7

8 a If line 6 is more than line 7, enter the difference here and see instructions. 8a

b If line 6 is less than line 7, enter the difference here and see instructions 8b

<b>Part IV</b> Amortization.	(a) Description of costs amortizable during 1998	(b) Date placed in service	(c) California basis for amortization	(d) Code section	(e) Period or percentage	(f) 1998 California amortization deduction
9						

10 Total California amortization from this activity. Add the amounts on line 9, column (f) 10

11 California amortization of costs that began before 1998. 11

12 Total California amortization from this activity. Add the amounts on line 10 and line 11 12

13 Total federal amortization from this activity. Enter amortization from your federal Form 4562, line 42 13

14 a If line 12 is more than line 13, enter the difference here and see instructions 14a

b If line 12 is less than line 13, enter the difference here and see instructions 14b

**1998 California Capital Gain or Loss Adjustment****D**

(a) Description of property (identify S corporation stock) Example: 100 shares of "Z" (S stock)	(b) Sales price	(c) Cost or other basis	(d) Loss. If (c) is more than (b), subtract (b) from (c)	(e) Gain. If (b) is more than (c), subtract (c) from (b)
1a				
1b				
2 Net gain or (loss) shown on California Schedule(s) K-1 from partnerships, S corporations, fiduciaries and limited liability companies <span style="float:right">2</span>				
3 Capital gain distributions (federal Form 1099-DIV, box 2a minus box 2d) <span style="float:right">3</span>				
4 Total 1998 gains from all sources. Add column (e) amounts of line 1a, line 1b, line 2 and line 3 <span style="float:right">4</span>				
5 1998 loss. Add column (d) amounts of line 1 and line 2 <span style="float:right">5</span>				
6 California capital loss carryover from 1997, if any. See instructions <span style="float:right">6</span>				
7 Total 1998 loss. Add line 5 and line 6 <span style="float:right">7</span>				
8 Combine line 4 and line 7. If a loss, go to line 9. If a gain, go to line 10 <span style="float:right">8</span>				
9 If line 8 is a loss, enter the smaller of: (a) the loss on line 8; or (b) \$3,000 (\$1,500 if married filing a separate return). See instructions. <span style="float:right">9</span>				
10 Enter the amount from federal Form 1040, line 13 <span style="float:right">10</span>				
11 Enter the California gain from line 8 or loss from line 9 <span style="float:right">11</span>				
12 a If line 10 is more than line 11, enter the difference here and on Sch. CA (540 or 540NR) line 13, col. B <span style="float:right">12a</span>				
b If line 10 is less than line 11, enter the difference here and on Sch. CA (540 or 540NR), line 13, col. C <span style="float:right">12b</span>				

# Instructions for California Schedule D

## California Capital Gain Or Loss Adjustment

### General Information

California legislation enacted in 1998 conforms California tax law to the Internal Revenue Code (IRC) as of January 1, 1998. However, there are continuing differences between California and federal tax law. California has not conformed to the changes made to the IRC by the Internal Revenue Service (IRS) Restructuring and Reform Act of 1998 (Public Law 105-206) and the Tax and Trade Relief Extension Act of 1998 (Public Law 105-277). For example, California does not conform to the federal reduced capital gains tax rates. California taxes capital gains at the same tax rate as other types of income.

### Purpose

Use California Schedule D **only** if there is a difference between your federal capital gains and losses and your California capital gains and losses associated with the following:

- Gain on the sale of qualified small business stock which qualifies for the gain exclusion under IRC Section 1202;
- Disposition of property that was expensed or depreciated at some time during the period you owned it; California and federal depreciation and property expensing methods were different before 1987 and after 1/1/93 and caused a difference between the California and federal basis;
- Gain or loss on stock and bond transactions;
- Installment sale gain reported on form FTB 3805E, Installment Sale Income;
- Gain on the sale of personal residence where depreciation was allowable;
- Flow-through gain or loss from partnerships, fiduciaries, S corporations or LLCs;
- Distributed and undistributed capital gain dividends;
- Gain from involuntary conversion of capital assets not held for business profit; or
- Capital loss carryover from your 1997 California Schedule D.

For more information about the following, get FTB Pub. 1001:

- Disposition of property inherited before 1987;
- Disposition of S corporation stock acquired before 1987;
- Gain on the sale or disposition of a qualified assisted housing development to low-income residents or to specific entities maintaining housing for low-income residents; or
- Capital loss carryback.

**Exclusion of Gain on Qualified Small Business Stock.** California law (R&TC Section 18152.5) provides an exclusion (similar to the federal exclusion under IRC Section 1202) of 50% of the gain on the sale of qualifying small business stock originally issued after 8/10/93, and before 1/1/99, that was held for more than 5 years. However, for California purposes, 80% of the issuing corporation's payroll must be attributable to employment located within California, and, at least 80% of the value of the corporation's assets must be used by the corporation to actively conduct one or more qualified trades or businesses in California. See the Specific Line Instruction for Line 1b.

**Installment Sales.** If you sold property at a gain (other than publicly traded stocks or securities) and you will receive a payment in a tax year after the year of sale, you must report the sale on the installment method unless you elect not to do so. Get form FTB 3805E. Also use that form if you received a payment in 1998 for an installment sale made in an earlier year. **Note:** You may elect not to use the installment sale method for California by reporting the entire gain on Schedule D (or Schedule D-1 for business assets) in the year of the sale and filing your return on or before the due date.

**At-Risk Rules and Passive Activity Limitations.** If you dispose of (1) an asset used in an activity to

which the at-risk rules apply, or (2) any part of your interest in an activity to which the at-risk rules apply, and you have amounts in the activity for which you are not at risk, get and complete federal Form 6198, At-Risk Limitations, using California amounts to figure your California deductible loss under the at-risk rules. Once a loss becomes allowable under the at-risk rules, it becomes subject to the passive activity rules. Get form FTB 3801, Passive Activity Loss Limitations, to see how to report capital gains and losses from a passive activity.

### Specific Line Instructions

**Note:** If you have gain on the sale of qualified small business stock that qualifies for the federal Section 1202 exclusion, go to the instructions for line 1b.

#### Line 1a – List each capital asset transaction.

**Column (a) – Description of Property.** Describe the asset you sold or exchanged.

**Column (b) – Sales Price.** Enter in this column either the gross sales price or the net sales price. If you received a Form 1099-B, 1099-S or similar statement showing the gross sales price, enter that amount in column (b). However, if box 2 of Form 1099-B indicates that gross proceeds less commissions and option premiums were reported to IRS, enter that net amount in column (b). If you entered the net amount in column (b), do not include the commissions and option premiums in column (c).

**Column (c) – Cost or Other Basis.** In general, the cost or other basis is the cost of the property plus purchase commissions and improvements minus depreciation, amortization and depletion. Enter the cost or adjusted basis of the asset for California purposes. Use your records and California tax returns for years before 1987 to determine the California amount to enter in column (c). If you used an amount other than cost as the original basis, your federal basis may be different from your California basis. Other reasons for differences are:

**Depreciation Methods and Property Expensing** California law: Did not allow the use of ACRS before 1987; Did not allow the use of an asset depreciation range 20% above or below the standard rate; Limits expensing of property under IRC Section 179 to \$16,000; Permitted rapid write-off of property such as solar energy systems, pollution control devices and property used in an EZ, the LARZ or LAMBRA.

**Inherited Property** – The California basis of property inherited from a decedent is generally fair market value (FMV) at the time of death. If you acquired community property as a surviving spouse, get FTB Pub. 1039, Basis of Property – Decedent/Surviving Spouse, for more information.

**S Corporation Stock** – Prior to 1987, California law did not recognize S corporations and your California basis in S corporation stock may differ from your federal basis. In general, your California basis will be cost-adjusted for income, loss and distributions received after 1986, while your stock was California S corporation stock. Your federal basis will be cost-adjusted for income, loss and distributions received during the time your stock qualified for federal S corporation treatment.

**Special Credits** – California law authorizes special tax credits not allowed under federal law or computed differently under federal law. In many instances if you claimed special credits related to capital assets, you must reduce your basis in the assets by the amount of credit.

Other adjustments may apply differently to the federal and California basis of your capital assets. Figure the original basis of your asset using the California law in effect when the asset was acquired, and adjust it according to provisions of California law in effect during the period of your ownership.

**Line 1b – Section 18152.5 Exclusion.** If the gain qualifying for the IRC Section 1202 exclusion also qualifies for the California exclusion under R&TC Section 18152.5: Enter in column (a) "Section 18152.5 Exclusion." Complete column (b) and column (c) according to the instructions for line 1a. Enter in column (d) the amount of gain that qualifies for the California exclusion. Enter in column (e) the entire gain realized. **If the gain qualifying for the IRC Section 1202 exclusion does not qualify for the California exclusion:** Complete column (a), column (b) and column (c) according to the instructions for line 1a. Enter -0- in column (d) and enter the entire gain realized in column (e).

**Line 3 – Capital Gain Distributions.** If you receive federal Form 2439, Notice to Shareholder of Undistributed Long-Term Capital Gains, from a mutual fund, do not include the **undistributed** capital gain dividends on Schedule D. If you receive federal Form 1099-DIV, Dividends and Distributions, enter the amount of **distributed** capital gain dividends.

**Line 6 – 1997 California Capital Loss Carryover.** Enter the amount of your 1997 California net capital loss that was more than the loss limitation.

**Line 8 – Net Gain or Loss.** If the amount on line 4 is more than the amount on line 7, subtract line 7 from line 4. Enter the difference as a gain on line 8.

If the amount on line 7 is more than the amount on line 4, subtract line 4 from line 7 and enter the difference as a loss on line 8.

Use the worksheet on this page to figure your capital loss carryover to 1999.

**Line 9** – If line 8 is a net capital loss, enter the smaller of the loss on line 8 or \$3,000 (\$1,500 if you are married filing a separate return).

**Line 12a** – Enter the difference on line 12a and on Schedule CA (540 or 540NR), line 13, column B.

#### FOR EXAMPLE:

##### Loss on line 10 is less than loss on line 11.

Federal loss on line 10 is . . . . .	\$1,000
California loss on line 11 is . . . . .	\$2,000
Subtract line 10 from line 11 . . . . .	\$1,000

##### Gain on line 10 and loss on line 11.

Federal gain on line 10 is . . . . .	\$3,000
California loss on line 11 is . . . . .	\$3,000
Add line 10 and line 11 . . . . .	\$6,000

**Line 12b** – Enter the difference on line 12b and on Schedule CA (540 or 540NR), line 13, column C.

#### FOR EXAMPLE:

##### Loss on line 10 is more than loss on line 11.

Federal loss on line 10 is . . . . .	\$2,000
California loss on line 11 is . . . . .	\$1,000
Subtract line 11 from line 10 . . . . .	\$1,000

##### Loss on line 10 and gain on line 11.

Federal loss on line 10 is . . . . .	\$2,000
California gain on line 11 is . . . . .	\$5,000
Add line 10 and line 11 . . . . .	\$7,000

#### California Capital Loss Carryover Worksheet

1. Loss from Schedule D, line 11, stated as a positive number . . . . . 1 \_\_\_\_\_
2. Amount from Form 540 or Form 540NR, line 17 . . . . . 2 \_\_\_\_\_
3. Amount from Form 540 or Form 540NR, line 18 . . . . . 3 \_\_\_\_\_
4. Subtract line 3 from line 2. If less than zero, enter as a negative amount . . . . . 4 \_\_\_\_\_
5. Combine line 1 and line 4. If less than zero, enter -0- . . . . . 5 \_\_\_\_\_
6. Loss from Schedule D, line 8 . . . . . 6 \_\_\_\_\_
7. Enter the smaller of line 1 or line 5 . . . . . 7 \_\_\_\_\_
8. Subtract line 7 from line 6. This is your capital loss carryover to 1999 . . . . . 8 \_\_\_\_\_

# 1998 California Tax Table

Use the Tax Table below if your taxable income on Form 540NR, line 19 is \$50,000 or less.

Use the Tax Rate Schedule on page 38 if your taxable income on Form 540NR, line 19 is more than \$50,000.

To Find Your Tax:

- Read down the column labeled "If Your Taxable Income Is . . ." to find the range that includes your taxable income from Form 540NR, line 19.
- Read across the columns labeled "The Tax For Filing Status" until you find the tax that applies for your taxable income and filing status.

Filing status: 1 or 3 (Single; Married filing Separate) 2 or 5 (Married filing Joint; Qualifying Widow(er)) 4 (Head of Household)														
If Your Taxable Income Is . . .		The Tax For Filing Status			If Your Taxable Income Is . . .		The Tax For Filing Status			If Your Taxable Income Is . . .		The Tax For Filing Status		
At Least	But Not Over	1 Or 3 Is	2 Or 5 Is	4 Is	At Least	But Not Over	1 Or 3 Is	2 Or 5 Is	4 Is	At Least	But Not Over	1 Or 3 Is	2 Or 5 Is	4 Is
1	50	0	0	0	6,451	6,550	79	65	65	12,951	13,050	225	157	157
51	150	1	1	1	6,551	6,650	81	66	66	13,051	13,150	229	159	159
151	250	2	2	2	6,651	6,750	83	67	67	13,151	13,250	233	161	161
251	350	3	3	3	6,751	6,850	85	68	68	13,251	13,350	237	163	163
351	450	4	4	4	6,851	6,950	87	69	69	13,351	13,450	241	165	165
451	550	5	5	5	6,951	7,050	89	70	70	13,451	13,550	245	167	167
551	650	6	6	6	7,051	7,150	91	71	71	13,551	13,650	249	169	169
651	750	7	7	7	7,151	7,250	93	72	72	13,651	13,750	253	171	171
751	850	8	8	8	7,251	7,350	95	73	73	13,751	13,850	257	173	173
851	950	9	9	9	7,351	7,450	97	74	74	13,851	13,950	261	175	175
951	1,050	10	10	10	7,451	7,550	99	75	75	13,951	14,050	265	177	177
1,051	1,150	11	11	11	7,551	7,650	101	76	76	14,051	14,150	269	179	179
1,151	1,250	12	12	12	7,651	7,750	103	77	77	14,151	14,250	273	181	181
1,251	1,350	13	13	13	7,751	7,850	105	78	78	14,251	14,350	277	183	183
1,351	1,450	14	14	14	7,851	7,950	107	79	79	14,351	14,450	281	185	185
1,451	1,550	15	15	15	7,951	8,050	109	80	80	14,451	14,550	285	187	187
1,551	1,650	16	16	16	8,051	8,150	111	81	81	14,551	14,650	289	189	189
1,651	1,750	17	17	17	8,151	8,250	113	82	82	14,651	14,750	293	191	191
1,751	1,850	18	18	18	8,251	8,350	115	83	83	14,751	14,850	297	193	193
1,851	1,950	19	19	19	8,351	8,450	117	84	84	14,851	14,950	301	195	195
1,951	2,050	20	20	20	8,451	8,550	119	85	85	14,951	15,050	305	197	197
2,051	2,150	21	21	21	8,551	8,650	121	86	86	15,051	15,150	309	199	199
2,151	2,250	22	22	22	8,651	8,750	123	87	87	15,151	15,250	313	201	201
2,251	2,350	23	23	23	8,751	8,850	125	88	88	15,251	15,350	317	203	203
2,351	2,450	24	24	24	8,851	8,950	127	89	89	15,351	15,450	321	205	205
2,451	2,550	25	25	25	8,951	9,050	129	90	90	15,451	15,550	325	207	207
2,551	2,650	26	26	26	9,051	9,150	131	91	91	15,551	15,650	329	209	209
2,651	2,750	27	27	27	9,151	9,250	133	92	92	15,651	15,750	333	211	211
2,751	2,850	28	28	28	9,251	9,350	135	93	93	15,751	15,850	337	213	213
2,851	2,950	29	29	29	9,351	9,450	137	94	94	15,851	15,950	341	215	215
2,951	3,050	30	30	30	9,451	9,550	139	95	95	15,951	16,050	345	217	217
3,051	3,150	31	31	31	9,551	9,650	141	96	96	16,051	16,150	349	219	219
3,151	3,250	32	32	32	9,651	9,750	143	97	97	16,151	16,250	353	221	221
3,251	3,350	33	33	33	9,751	9,850	145	98	98	16,251	16,350	357	223	223
3,351	3,450	34	34	34	9,851	9,950	147	99	99	16,351	16,450	361	225	225
3,451	3,550	35	35	35	9,951	10,050	149	100	100	16,451	16,550	365	227	227
3,551	3,650	36	36	36	10,051	10,150	151	101	101	16,551	16,650	369	229	229
3,651	3,750	37	37	37	10,151	10,250	153	102	102	16,651	16,750	373	231	231
3,751	3,850	38	38	38	10,251	10,350	155	103	103	16,751	16,850	377	233	233
3,851	3,950	39	39	39	10,351	10,450	157	105	105	16,851	16,950	381	235	235
3,951	4,050	40	40	40	10,451	10,550	159	107	107	16,951	17,050	385	237	237
4,051	4,150	41	41	41	10,551	10,650	161	109	109	17,051	17,150	389	239	239
4,151	4,250	42	42	42	10,651	10,750	163	111	111	17,151	17,250	393	241	241
4,251	4,350	43	43	43	10,751	10,850	165	113	113	17,251	17,350	397	243	243
4,351	4,450	44	44	44	10,851	10,950	167	115	115	17,351	17,450	401	245	245
4,451	4,550	45	45	45	10,951	11,050	169	117	117	17,451	17,550	405	247	247
4,551	4,650	46	46	46	11,051	11,150	171	119	119	17,551	17,650	409	249	249
4,651	4,750	47	47	47	11,151	11,250	173	121	121	17,651	17,750	413	251	251
4,751	4,850	48	48	48	11,251	11,350	175	123	123	17,751	17,850	417	253	253
4,851	4,950	49	49	49	11,351	11,450	177	125	125	17,851	17,950	421	255	255
4,951	5,050	50	50	50	11,451	11,550	179	127	127	17,951	18,050	425	257	257
5,051	5,150	51	51	51	11,551	11,650	181	129	129	18,051	18,150	429	259	259
5,151	5,250	53	52	52	11,651	11,750	183	131	131	18,151	18,250	433	261	261
5,251	5,350	55	53	53	11,751	11,850	185	133	133	18,251	18,350	437	263	263
5,351	5,450	57	54	54	11,851	11,950	187	135	135	18,351	18,450	441	265	265
5,451	5,550	59	55	55	11,951	12,050	189	137	137	18,451	18,550	445	267	267
5,551	5,650	61	56	56	12,051	12,150	191	139	139	18,551	18,650	449	269	269
5,651	5,750	63	57	57	12,151	12,250	193	141	141	18,651	18,750	453	271	271
5,751	5,850	65	58	58	12,251	12,350	197	143	143	18,751	18,850	457	273	273
5,851	5,950	67	59	59	12,351	12,450	201	145	145	18,851	18,950	461	275	275
5,951	6,050	69	60	60	12,451	12,550	205	147	147	18,951	19,050	465	277	277
6,051	6,150	71	61	61	12,551	12,650	209	149	149	19,051	19,150	469	279	279
6,151	6,250	73	62	62	12,651	12,750	213	151	151	19,151	19,250	474	281	281
6,251	6,350	75	63	63	12,751	12,850	217	153	153	19,251	19,350	480	283	283
6,351	6,450	77	64	64	12,851	12,950	221	155	155	19,351	19,450	486	285	285

Continued on next page.

# 1998 California Tax Table — Continued

Filing status: 1 or 3 (Single; Married filing Separate) 2 or 5 (Married filing Joint; Qualifying Widow(er)) 4 (Head of Household)

If Your Taxable Income Is . . .		The Tax For Filing Status			If Your Taxable Income Is . . .		The Tax For Filing Status			If Your Taxable Income Is . . .		The Tax For Filing Status		
At Least	But Not Over	1 Or 3 Is	2 Or 5 Is	4 Is	At Least	But Not Over	1 Or 3 Is	2 Or 5 Is	4 Is	At Least	But Not Over	1 Or 3 Is	2 Or 5 Is	4 Is
19,451	19,550	492	287	287	26,451	26,550	912	471	471	33,451	33,550	1,469	751	794
19,551	19,650	498	289	289	26,551	26,650	918	475	475	33,551	33,650	1,477	755	800
19,651	19,750	504	291	291	26,651	26,750	925	479	479	33,651	33,750	1,485	759	806
19,751	19,850	510	293	293	26,751	26,850	933	483	483	33,751	33,850	1,494	763	812
19,851	19,950	516	295	295	26,851	26,950	941	487	487	33,851	33,950	1,504	767	818
19,951	20,050	522	297	297	26,951	27,050	949	491	491	33,951	34,050	1,513	771	824
20,051	20,150	528	299	299	27,051	27,150	957	495	495	34,051	34,150	1,522	775	830
20,151	20,250	534	301	301	27,151	27,250	965	499	499	34,151	34,250	1,532	779	836
20,251	20,350	540	303	303	27,251	27,350	973	503	503	34,251	34,350	1,541	783	842
20,351	20,450	546	305	305	27,351	27,450	981	507	507	34,351	34,450	1,550	787	848
20,451	20,550	552	307	307	27,451	27,550	989	511	511	34,451	34,550	1,559	791	854
20,551	20,650	558	309	309	27,551	27,650	997	515	515	34,551	34,650	1,569	795	860
20,651	20,750	564	311	311	27,651	27,750	1,005	519	519	34,651	34,750	1,578	799	866
20,751	20,850	570	313	313	27,751	27,850	1,013	523	523	34,751	34,850	1,587	803	872
20,851	20,950	576	315	315	27,851	27,950	1,021	527	527	34,851	34,950	1,597	807	878
20,951	21,050	582	317	317	27,951	28,050	1,029	531	531	34,951	35,050	1,606	811	884
21,051	21,150	588	319	319	28,051	28,150	1,037	535	535	35,051	35,150	1,615	815	890
21,151	21,250	594	321	321	28,151	28,250	1,045	539	539	35,151	35,250	1,625	819	896
21,251	21,350	600	323	323	28,251	28,350	1,053	543	543	35,251	35,350	1,634	823	902
21,351	21,450	606	325	325	28,351	28,450	1,061	547	547	35,351	35,450	1,643	827	908
21,451	21,550	612	327	327	28,451	28,550	1,069	551	551	35,451	35,550	1,652	831	914
21,551	21,650	618	329	329	28,551	28,650	1,077	555	555	35,551	35,650	1,662	835	920
21,651	21,750	624	331	331	28,651	28,750	1,085	559	559	35,651	35,750	1,671	839	926
21,751	21,850	630	333	333	28,751	28,850	1,093	563	563	35,751	35,850	1,680	843	932
21,851	21,950	636	335	335	28,851	28,950	1,101	567	567	35,851	35,950	1,690	847	938
21,951	22,050	642	337	337	28,951	29,050	1,109	571	571	35,951	36,050	1,699	851	944
22,051	22,150	648	339	339	29,051	29,150	1,117	575	575	36,051	36,150	1,708	855	950
22,151	22,250	654	341	341	29,151	29,250	1,125	579	579	36,151	36,250	1,718	859	956
22,251	22,350	660	343	343	29,251	29,350	1,133	583	583	36,251	36,350	1,727	863	962
22,351	22,450	666	345	345	29,351	29,450	1,141	587	587	36,351	36,450	1,736	867	968
22,451	22,550	672	347	347	29,451	29,550	1,149	591	591	36,451	36,550	1,745	871	974
22,551	22,650	678	349	349	29,551	29,650	1,157	595	595	36,551	36,650	1,755	875	980
22,651	22,750	684	351	351	29,651	29,750	1,165	599	599	36,651	36,750	1,764	879	986
22,751	22,850	690	353	353	29,751	29,850	1,173	603	603	36,751	36,850	1,773	883	992
22,851	22,950	696	355	355	29,851	29,950	1,181	607	607	36,851	36,950	1,783	887	998
22,951	23,050	702	357	357	29,951	30,050	1,189	611	611	36,951	37,050	1,792	891	1,004
23,051	23,150	708	359	359	30,051	30,150	1,197	615	615	37,051	37,150	1,801	895	1,010
23,151	23,250	714	361	361	30,151	30,250	1,205	619	619	37,151	37,250	1,811	899	1,016
23,251	23,350	720	363	363	30,251	30,350	1,213	623	623	37,251	37,350	1,820	903	1,022
23,351	23,450	726	365	365	30,351	30,450	1,221	627	627	37,351	37,450	1,829	907	1,028
23,451	23,550	732	367	367	30,451	30,550	1,229	631	631	37,451	37,550	1,838	911	1,034
23,551	23,650	738	369	369	30,551	30,650	1,237	635	635	37,551	37,650	1,848	915	1,040
23,651	23,750	744	371	371	30,651	30,750	1,245	639	639	37,651	37,750	1,857	919	1,046
23,751	23,850	750	373	373	30,751	30,850	1,253	643	643	37,751	37,850	1,866	923	1,052
23,851	23,950	756	375	375	30,851	30,950	1,261	647	647	37,851	37,950	1,876	927	1,058
23,951	24,050	762	377	377	30,951	31,050	1,269	651	651	37,951	38,050	1,885	931	1,064
24,051	24,150	768	379	379	31,051	31,150	1,277	655	655	38,051	38,150	1,894	935	1,070
24,151	24,250	774	381	381	31,151	31,250	1,285	659	659	38,151	38,250	1,904	939	1,076
24,251	24,350	780	383	383	31,251	31,350	1,293	663	663	38,251	38,350	1,913	943	1,082
24,351	24,450	786	387	387	31,351	31,450	1,301	667	668	38,351	38,450	1,922	947	1,088
24,451	24,550	792	391	391	31,451	31,550	1,309	671	674	38,451	38,550	1,931	953	1,094
24,551	24,650	798	395	395	31,551	31,650	1,317	675	680	38,551	38,650	1,941	959	1,100
24,651	24,750	804	399	399	31,651	31,750	1,325	679	686	38,651	38,750	1,950	965	1,106
24,751	24,850	810	403	403	31,751	31,850	1,333	683	692	38,751	38,850	1,959	971	1,112
24,851	24,950	816	407	407	31,851	31,950	1,341	687	698	38,851	38,950	1,969	977	1,120
24,951	25,050	822	411	411	31,951	32,050	1,349	691	704	38,951	39,050	1,978	983	1,128
25,051	25,150	828	415	415	32,051	32,150	1,357	695	710	39,051	39,150	1,987	989	1,136
25,151	25,250	834	419	419	32,151	32,250	1,365	699	716	39,151	39,250	1,997	995	1,144
25,251	25,350	840	423	423	32,251	32,350	1,373	703	722	39,251	39,350	2,006	1,001	1,152
25,351	25,450	846	427	427	32,351	32,450	1,381	707	728	39,351	39,450	2,015	1,007	1,160
25,451	25,550	852	431	431	32,451	32,550	1,389	711	734	39,451	39,550	2,024	1,013	1,168
25,551	25,650	858	435	435	32,551	32,650	1,397	715	740	39,551	39,650	2,034	1,019	1,176
25,651	25,750	864	439	439	32,651	32,750	1,405	719	746	39,651	39,750	2,043	1,025	1,184
25,751	25,850	870	443	443	32,751	32,850	1,413	723	752	39,751	39,850	2,052	1,031	1,192
25,851	25,950	876	447	447	32,851	32,950	1,421	727	758	39,851	39,950	2,062	1,037	1,200
25,951	26,050	882	451	451	32,951	33,050	1,429	731	764	39,951	40,050	2,071	1,043	1,208
26,051	26,150	888	455	455	33,051	33,150	1,437	735	770	40,051	40,150	2,080	1,049	1,216
26,151	26,250	894	459	459	33,151	33,250	1,445	739	776	40,151	40,250	2,090	1,055	1,224
26,251	26,350	900	463	463	33,251	33,350	1,453	743	782	40,251	40,350	2,099	1,061	1,232
26,351	26,450	906	467	467	33,351	33,450	1,461	747	788	40,351	40,450	2,108	1,067	1,240

Continued on next page.

# 1998 California Tax Table — Continued

Filing status: 1 or 3 (Single; Married filing Separate) 2 or 5 (Married filing Joint; Qualifying Widow(er)) 4 (Head of Household)

If Your Taxable Income Is . . .		The Tax For Filing Status			If Your Taxable Income Is . . .		The Tax For Filing Status			If Your Taxable Income Is . . .		The Tax For Filing Status		
At Least	But Not Over	1 Or 3 Is	2 Or 5 Is	4 Is	At Least	But Not Over	1 Or 3 Is	2 Or 5 Is	4 Is	At Least	But Not Over	1 Or 3 Is	2 Or 5 Is	4 Is
40,451	40,550	2,117	1,073	1,248	43,951	44,050	2,443	1,283	1,528	47,451	47,550	2,768	1,493	1,829
40,551	40,650	2,127	1,079	1,256	44,051	44,150	2,452	1,289	1,536	47,551	47,650	2,778	1,499	1,839
40,651	40,750	2,136	1,085	1,264	44,151	44,250	2,462	1,295	1,544	47,651	47,750	2,787	1,505	1,848
40,751	40,850	2,145	1,091	1,272	44,251	44,350	2,471	1,301	1,552	47,751	47,850	2,796	1,511	1,857
40,851	40,950	2,155	1,097	1,280	44,351	44,450	2,480	1,307	1,560	47,851	47,950	2,806	1,517	1,867
40,951	41,050	2,164	1,103	1,288	44,451	44,550	2,489	1,313	1,568	47,951	48,050	2,815	1,523	1,876
41,051	41,150	2,173	1,109	1,296	44,551	44,650	2,499	1,319	1,576	48,051	48,150	2,824	1,529	1,885
41,151	41,250	2,183	1,115	1,304	44,651	44,750	2,508	1,325	1,584	48,151	48,250	2,834	1,535	1,895
41,251	41,350	2,192	1,121	1,312	44,751	44,850	2,517	1,331	1,592	48,251	48,350	2,843	1,541	1,904
41,351	41,450	2,201	1,127	1,320	44,851	44,950	2,527	1,337	1,600	48,351	48,450	2,852	1,547	1,913
41,451	41,550	2,210	1,133	1,328	44,951	45,050	2,536	1,343	1,608	48,451	48,550	2,861	1,553	1,922
41,551	41,650	2,220	1,139	1,336	45,051	45,150	2,545	1,349	1,616	48,551	48,650	2,871	1,559	1,932
41,651	41,750	2,229	1,145	1,344	45,151	45,250	2,555	1,355	1,624	48,651	48,750	2,880	1,565	1,941
41,751	41,850	2,238	1,151	1,352	45,251	45,350	2,564	1,361	1,632	48,751	48,850	2,889	1,571	1,950
41,851	41,950	2,248	1,157	1,360	45,351	45,450	2,573	1,367	1,640	48,851	48,950	2,899	1,577	1,960
41,951	42,050	2,257	1,163	1,368	45,451	45,550	2,582	1,373	1,648	48,951	49,050	2,908	1,583	1,969
42,051	42,150	2,266	1,169	1,376	45,551	45,650	2,592	1,379	1,656	49,051	49,150	2,917	1,589	1,978
42,151	42,250	2,276	1,175	1,384	45,651	45,750	2,601	1,385	1,664	49,151	49,250	2,927	1,595	1,988
42,251	42,350	2,285	1,181	1,392	45,751	45,850	2,610	1,391	1,672	49,251	49,350	2,936	1,601	1,997
42,351	42,450	2,294	1,187	1,400	45,851	45,950	2,620	1,397	1,681	49,351	49,450	2,945	1,607	2,006
42,451	42,550	2,303	1,193	1,408	45,951	46,050	2,629	1,403	1,690	49,451	49,550	2,954	1,613	2,015
42,551	42,650	2,313	1,199	1,416	46,051	46,150	2,638	1,409	1,699	49,551	49,650	2,964	1,619	2,025
42,651	42,750	2,322	1,205	1,424	46,151	46,250	2,648	1,415	1,709	49,651	49,750	2,973	1,625	2,034
42,751	42,850	2,331	1,211	1,432	46,251	46,350	2,657	1,421	1,718	49,751	49,850	2,982	1,631	2,043
42,851	42,950	2,341	1,217	1,440	46,351	46,450	2,666	1,427	1,727	49,851	49,950	2,992	1,637	2,053
42,951	43,050	2,350	1,223	1,448	46,451	46,550	2,675	1,433	1,736	49,951	50,000	2,999	1,642	2,060
43,051	43,150	2,359	1,229	1,456	46,551	46,650	2,685	1,439	1,746	OVER \$50,000 YOU MUST COMPUTE YOUR TAX USING THE TAX RATE SCHEDULES.				
43,151	43,250	2,369	1,235	1,464	46,651	46,750	2,694	1,445	1,755					
43,251	43,350	2,378	1,241	1,472	46,751	46,850	2,703	1,451	1,764					
43,351	43,450	2,387	1,247	1,480	46,851	46,950	2,713	1,457	1,774					
43,451	43,550	2,396	1,253	1,488	46,951	47,050	2,722	1,463	1,783					
43,551	43,650	2,406	1,259	1,496	47,051	47,150	2,731	1,469	1,792					
43,651	43,750	2,415	1,265	1,504	47,151	47,250	2,741	1,475	1,802					
43,751	43,850	2,424	1,271	1,512	47,251	47,350	2,750	1,481	1,811					
43,851	43,950	2,434	1,277	1,520	47,351	47,450	2,759	1,487	1,820					

# 1998 California Tax Rate Schedules

**Caution:** Use only if your taxable income on Form 540NR, line 19 is more than \$50,000. If \$50,000 or less, use the Tax Table.

If the amount on Form 540NR, line 19 is:		Enter on Form 540NR, line 22		of the amount over—
over—	But not over—			
\$ 0	\$ 5,131	\$ 0.00	+ 1.0%	\$ 0
5,131	12,161	51.31	+ 2.0%	5,131
12,161	19,193	191.91	+ 4.0%	12,161
19,193	26,644	473.19	+ 6.0%	19,193
26,644	33,673	920.25	+ 8.0%	26,644
33,673	AND OVER	1,482.57	+ 9.3%	33,673

**Schedule X -**  
Use if your filing status is  
**Single or Married Filing Separate**

**Schedule Y -**  
Use if your filing status is  
**Married Filing Joint or Qualifying  
Widow(er) with Dependent Child**

**Schedule Z -**  
Use if your filing status is  
**Head of Household**

## How to Figure Tax Using the 1998 California Tax Rate Schedules

**Example:** Larry and Dena Sparks are filing a joint return. Their taxable income on Form 540NR, line 19 is \$59,000.

**Step 1:** Using Schedule Y, they find the taxable income range that includes their taxable income of \$59,000. See the boxed range in the sample below.

**Schedule Y -**  
Use if your filing status is  
**Married Filing Joint or Qualifying  
Widow(er) with Dependent Child**

\$ 0	\$ 10,262	\$ 0.00	+ 1.0%	\$ 0
10,262	24,322	102.62	+ 2.0%	10,262
24,322	38,386	383.82	+ 4.0%	24,322
38,386	53,288	946.38	+ 6.0%	38,386
53,288	67,346	1,840.50	+ 8.0%	53,288
67,346	AND OVER	2,965.14	+ 9.3%	67,346

**Step 2:** They subtract the amount at the beginning of their range from their taxable income.

**Example**  
\$59,000  
- 53,288  
\$ 5,712

**Your Income**  
\$  
-  
\$

**Step 3:** They multiply the result from Step 2 by the percentage for their range.

\$5,712.00  
x .08  
\$ 456.96

\$  
x  
\$

**Step 4:** They round the amount from Step 3 to two decimals (if necessary) and add it to the tax amount for their income range. After rounding the result, they will enter \$2,297 on Form 540NR, line 22. For information on rounding, see page 5.

\$1,840.50  
+ 456.96  
\$2,297.46

\$  
+  
\$

# How To Get California Tax Information

(Keep This Booklet For Future Use)

## Where To Get Income Tax Forms

**By Internet** – If you have Internet access, you may download, view and print California income tax forms and publications. Our Internet address is: <http://www.ftb.ca.gov>

**By phone** – Use F.A.S.T. to order 1996, 1997 and 1998 California tax forms and 1998 federal forms. To order a form:

- Refer to the list on the back cover and find the code number for the form you want to order.
- Call (800) 338-0505.
- Select personal income tax form requests.
- Enter the three-digit code for the form when you are instructed.

Please allow two weeks to receive your order. If you live outside California, please allow three weeks to receive your order.

**In person** – Most libraries, post offices and banks provide free California tax booklets during the filing season. Many libraries and some quick print businesses have forms and schedules for you to photocopy (you may have to pay a nominal fee). Note that employees at libraries, post offices, banks and quick print businesses cannot provide tax information or assistance.

**By mail** – Write to: TAX FORMS REQUEST UNIT, FRANCHISE TAX BOARD, PO BOX 307, RANCHO CORDOVA CA 95741-0307.

## Letters

We can serve you by phone if you call us for information to complete your California income tax return or to find out about your tax refund. However, you may want to write to us if you are replying to a notice we sent you or to get a written reply. If you write to us, be sure your letter includes your social security number, your daytime and evening telephone numbers and a copy of the notice. Send your letter to:

FRANCHISE TAX BOARD  
PO BOX 942840  
SACRAMENTO CA 94240-0040

We will respond to your letter within six to eight weeks. In some cases, we may need to call you for additional information.

## District Offices

You can get information, California tax forms and resolve problems on your account if you visit one of our district offices.

District Office	Address
Bakersfield	1800 30th Street, Suite 370
Burbank	333 N. Glenoaks Boulevard, Room 200
Fresno	2550 Mariposa Street, Room 3002
Long Beach	4300 Long Beach Boulevard, Suite 700B
Los Angeles	300 S. Spring Street, Suite 5704
Oakland	1515 Clay Street, Suite 3N-305
Sacramento	3321 Power Inn Road
San Bernardino	464 W. 4th Street, Suite 454
San Diego	5353 Mission Center Road, Suite 314
San Francisco	50 Fremont Street, Suite 900
San Jose	96 N. Third Street, 4th Floor
Santa Ana	600 W. Santa Ana Boulevard, Suite 300
Santa Rosa	50 D Street, Room 130
Stockton	31 East Channel Street, Room 219
Ventura	4820 McGrath Street, 2nd Floor
West Covina	100 N. Barranca Street, Room 600

## General Toll-Free Phone Service

**Between January 4 – April 15, 1999**, our general toll-free phone service is available:

- Monday – Friday, 6 a.m. until midnight; and
- Saturday, 8 a.m. until 5 p.m.

**After April 15, 1999**, our general toll-free phone service is available:

- Monday – Friday, 7 a.m. until 8 p.m.

The best times to call are before 10 a.m. and after 6 p.m. All times provided are Pacific Standard Time (PST).

From within the United States . . . . . (800) 852-5711

From outside the United States . . . . . (916) 845-6500  
(not toll-free)

For hearing impaired with TDD . . . . . (800) 822-6268

For federal tax questions, call the IRS at . . . . . (800) 829-1040

## Asistencia Bilingüe en Español

Para obtener servicios en Español y asistencia para completar su declaración de impuestos/formularios, llame al número de teléfono (anotado arriba) que le corresponde.

## Your Rights As A Taxpayer

Our goal at the FTB is to make certain that your rights are protected so that you will have the highest confidence in the integrity, efficiency and fairness of our state tax system. FTB Pub. 4058, California Taxpayers' Bill of Rights, includes information on your rights as a California taxpayer, the Taxpayers' Rights Advocate Program and how you can request written advice from the FTB on whether a particular transaction is taxable. See "Where To Get Income Tax Forms," on this page for how to get this publication.

## Privacy Act Notice

The Information Practices Act of 1977 and the federal Privacy Act require the Franchise Tax Board to tell you why we ask you for information. The Operations and Compliance Branches ask for tax return information to carry out the Personal Income Tax Law of the State of California. We may request additional information if we audit your return or take collection action.

If you meet the income requirements, the Revenue and Taxation Code requires you to file a return on the form we prescribe (Sections 18501 and 18621). When you file this or other documents, you must include your social security number for identification and return processing (Section 18624).

It is mandatory to furnish all information requested when you are required to file any documents prescribed by the Franchise Tax Board. If you do not file a return, or do not provide the information we ask for, or provide fraudulent information, the law states you may be charged penalties and interest and, in certain cases, you may be subject to criminal prosecution. We also may disallow claimed exemptions, exclusions, credits, deductions or adjustments. This could make the tax higher or delay or reduce any refund.

We may give the information you furnish us to the United States Internal Revenue Service, the proper official of any state imposing an income tax or a tax measured by income, the Multistate Tax Commission and California government agencies and officials, as provided by law. If you owe any monies, we may disclose the amount due to employers, financial institutions, county recorders, vacation trust funds, process agents and other payers.

You have a right to access records containing your personal information maintained by the Franchise Tax Board. The officials responsible for maintaining the information are: 1) Filing of returns – Chief, Filing Division; 2) Auditing of returns – Chief, Audit Division; and 3) Collection of monies – Chief, Accounts Receivable Management Division. The address is:

FRANCHISE TAX BOARD  
PO BOX 942840  
SACRAMENTO CA 94240-1040

Telephone:  
Within the United States . . . . . (800) 852-5711  
Outside the United States  
(not toll-free) . . . . . (916) 845-6500



# F.A.S.T. Automated Toll-Free Phone Service

(Keep This Booklet For Future Use)

Call **Fast Answers** about **State Taxes**, the F.A.S.T. automated toll-free phone service you can use to:

- Get current year tax refund information;
- Order California and federal income tax forms;
- Get balance due and payment information; and
- Hear recorded answers to many of your questions about California taxes.

F.A.S.T. is available in English and Spanish to callers with touch-tone telephones.

## How To Use F.A.S.T.

Have paper and pencil ready to take notes.

Call from within the United States (800) 338-0505

Call from outside the United States (not toll-free) (916) 845-6600

## Get Current Year Refund Information

You should wait at least eight weeks after you file your tax return before you call to find out about your refund. You will need your social security number, the numbers in your street address, box number or route number, and your ZIP Code to use this service. Refund status information is available from 6 a.m. until 12 midnight Monday through Friday except state holidays, and 6 a.m. until 10 p.m. Saturday and Sunday.

## Order Forms

If your current address is on file, you can use F.A.S.T. to order current and prior year California tax forms. You can also order current year federal tax forms between January 2 and April 15. See the following list of forms and follow the instructions for ordering forms on the previous page. This service is available from 6 a.m. until 12 midnight Monday through Friday except state holidays, and 6 a.m. until 10 p.m. Saturday and Sunday.

### California Tax Forms and Publications

- 900 California Resident Income Tax Booklet contents:
  - Form 540, Resident Income Tax Return
  - Form 540A, Resident Income Tax Return
  - Form 540EZ, Resident Income Tax Return For Single and Joint Filers With No Dependents
- 903 Schedule CA (540), California Adjustments
  - FTB 3885A, Depreciation & Amortization Adjustments
  - Schedule D, California Capital Gain or Loss Adjustment
- 907 540-ES, Estimated Tax for Individuals
- 908 540X, Amended Individual Income Tax Return
- 909 Schedule D-1, Sales of Business Property
- 910 Schedule G-1, Tax on Lump-Sum Distribution
- 911 Schedule P (540), Alternative Minimum Tax and Credit Limitations – Residents
- 913 Schedule S, Other State Tax Credit
- 914 California Nonresident Income Tax Booklet contents:
  - Form 540NR, Nonresident or Part-Year Resident Income Tax Return
  - 917 Schedule CA (540NR), California Adjustments — Nonresidents or Part-Year Residents
  - 918 Schedule P (540NR), Alternative Minimum Tax and Credit Limitations – Nonresident or Part-Year Residents
  - 937 FTB 3516, Request for Copy of Personal Income Tax or Fiduciary Return
  - 921 FTB 3519, Payment Voucher for Automatic Extension for Individuals
  - 922 FTB 3525, Substitute for W-2 Wage and Tax Statement. . .
  - 923 FTB 3526, Investment Interest Expense Deduction
  - 966 FTB 3533, Change of Address
  - 940 FTB 3540, Credit Carryover Summary
  - 949 FTB 3567, Installment Agreement Request

- 924 FTB 3800, Tax Computation for Children with Investment Income
- 929 FTB 3801, Passive Activity Loss Limitations
- 930 FTB 3803, Parents' Election to Report Child's Interest and Dividends
- 925 FTB 3805E, Installment Sale Income
- 928 FTB 3805P, Additional Taxes from Qualified Retirement Plans
- 926 FTB 3805V, Net Operating Loss (NOL) — Individuals
- 901 FTB 3805Z, Enterprise Zone Businesses
- 927 FTB 5805, Underpayment of Estimated Tax
- 919 FTB Pub. 1001, Supplemental Guidelines to California Adjustments
- 920 FTB Pub. 1005, Pension and Annuity Guidelines
- 968 FTB Pub. 1005A, California Treatment of Roth IRA
- 945 FTB Pub. 1006, California Tax Forms and Related Federal Forms
- 946 FTB Pub. 1008, Federal Tax Adjustments and Your Notification Responsibilities
- 943 FTB Pub. 4058, California Taxpayers' Bill of Rights
- 941 FTB Pub. 1031, Guidelines for Determining Resident Status
- 942 FTB Pub. 1032, Tax Information for Military Personnel
- 951 FTB Pub. 1051A, Guidelines for Married Filing Separate Returns
- 934 FTB Pub. 1540, California Head of Household Filing Status Information

### 1998 Federal Tax Forms (available January 2 through April 15, 1999 only)

- 902 1040 Booklet (includes Schedules A, B, D & E; Forms 1040V, EIC and 2441)
- 904 1040A Booklet (includes Schedule 1; Form EIC)
- 915 1040EZ Booklet
- 906 Form 1040X, Amended U.S. Individual Income Tax Return
- 931 Form 1040-ES, Estimated Tax for Individuals
- 935 Publication 17, Your Federal Income Tax for Individuals
- 912 Form 2106, Employee Business Expenses
- 932 Form 4562, Depreciation and Amortization
- 916 Schedule C, Profit or Loss from Business
- 905 Schedule SE, Self-Employment Tax

## Get Balance Due And Payment Information

You should wait at least 45 days from the date you mailed your payment before you call to verify receipt of your payment. You will need your social security number, the numbers in your street address, box number or route number, and your ZIP Code to use this service. Balance due and payment information is available from 6 a.m. until 12 midnight Monday through Friday except state holidays and 6 a.m. until 10 p.m. Saturday and Sunday.

## Hear Answers To California Tax Questions

Recorded answers to tax questions are available 24 hours a day, seven days a week. To receive answers to any of the following questions, call the F.A.S.T. number, select general tax information and enter the three digit code when instructed.

### Code- Filing Assistance:

- 100 – Do I need to file a return?
- 111 – Which form should I use?
- 112 – How do I file electronically and get a fast refund?
- 200 – Where can I pick up a form today?
- 201 – How can I get an extension to file?
- 202 – There is no envelope in the booklet. Where do I send my return?
- 203 – What is and how do I qualify for the nonrefundable renter's credit?
- 204 – I never received a Form W-2. What do I do?
- 205 – I have no withholding taken out. What do I do?
- 206 – Do I have to attach a copy of my federal return?

- 207 – Should I file my return even though I do not have the money to pay?
- 208 – How do I figure my estimated tax payments?
- 209 – I lived in California for part of the year. Do I have to file a return?
- 210 – I do not live in California. Why do I have to file a return?
- 211 – How do I figure my IRA deduction?
- 212 – How do I claim my disaster related loss?
- 215 – Who qualifies me to use the head of household filing status?
- 216 – I'm due a refund. Do I still need to file a return?
- 217 – I am currently/was in the military. Do I have to file a California return?
- 218 – I'm in the military. Do I have to use the same filing status as federal?
- 219 – I sold my personal residence. How do I report the sale to California?
- 220 – There is no difference in my state and federal depreciation, business income and capital gain income. What do I do?
- 221 – What is community property?
- 222 – How much can I deduct for vehicle license fees?
- 227 – How do I get a refund of excess SDI?
- 239 – Where can I get help with filing my income tax return?
- 240 – Does a tax return have to be filed for a deceased taxpayer?

### Refunds:

- 300 – My spouse passed away. You sent a refund with both our names on it. What do I do?
- 301 – I got a letter saying you sent my refund to another agency. Why?

### Penalties:

- 400 – I have an extension of time to file my return. Why did I get a penalty?
- 401 – I filed my return on time. Why did I get a penalty?
- 402 – How can I protest a penalty?
- 403 – What is the estimate penalty rate?

### Notices And Bills:

- 500 – I received a bill and I cannot pay it in full. What do I do?
- 501 – Why didn't you give me credit for my withholding?
- 502 – You didn't give me credit for my dependent. What do I do?
- 504 – I'm head of my house. Why was I denied head of household filing status?
- 505 – Why was my IRA deduction denied?
- 506 – How can I get information about my Form 1099-G?
- 508 – I received a notice that didn't show all payments made. How do I get credit for them?

### Tax For Children:

- 601 – Can my child take a personal exemption credit when I claim her or him as a dependent on my return?
- 602 – Federal law limits the standard deduction. Is the state law the same?

### Miscellaneous:

- 610 – Can I pay my taxes with a credit card?
- 611 – What address do I send my payment to?
- 612 – I mailed my return and haven't heard anything. Should I send a copy of my return?
- 613 – I forgot to attach my Form(s) W-2 when I mailed my return. What do I do?
- 614 – I forgot to attach a copy of my federal return. What do I do?
- 615 – How do I get a copy of my state tax return?
- 616 – What should I do if my federal tax return was examined and changed by the IRS?
- 617 – What are the current interest rates?
- 619 – How do I report a change of address?



Recycled  
Recyclable